



CITY OF RAPID CITY

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

DECEMBER 31, 2021

CITY OF RAPID CITY, SOUTH DAKOTA
 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF RAPID CITY** (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain other internal control matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison, other post-employment benefits (OPEB) schedules, and pension schedules on pages 4 through 11 and 62 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "Ketel Thorstenson, LLP". The signature is fluid and cursive, with the letters "K", "T", and "P" being particularly prominent.

KETEL THORSTENSON, LLP
Certified Public Accountants

September 19, 2022

CITY OF RAPID CITY, SOUTH DAKOTA
Management's Discussion and Analysis (Unaudited)

As management of the City of Rapid City, we offer readers of the City of Rapid City's financial statements this narrative overview and analysis of the financial activities of the City of Rapid City for the fiscal year ended December 31, 2021. We encourage readers to consider it in conjunction with the additional information presented in the basic financial statements and the notes to the financial statements.

The City of Rapid City provides many municipal services including public safety, streets, parks, general administration and public utilities. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits, and separate legal entity status.

Financial Highlights

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by \$973,435,079 (Net position). Of this amount, \$165,614,023 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$58,599,254 during 2021.
- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$125,256,536.
- At the end of the current fiscal year, fund balance for the general fund was \$34,021,644 or about 53.5% of total general fund expenditures.
- The City of Rapid City's total debt increased by \$8,789,296 during the current fiscal year. Attributing factor is primarily due to the issuance of the 2021 Wastewater Revenue Bonds.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Rapid City's basic financial statements. The City of Rapid City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains both required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Rapid City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Rapid City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rapid City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Rapid City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Rapid City include general government, public safety, public works, health & welfare, conservation and development, and culture and recreation. The business-type activities of the City of Rapid City include water, water reclamation, airport, solid waste, stormwater, civic center, golf, parking, ambulance, energy plant and transportation terminal.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rapid City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rapid City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rapid City adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary Funds

The City of Rapid City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Rapid City uses enterprise funds to account for its water, water reclamation, airport, solid waste, stormwater, civic center, golf, parking, ambulance, energy plant and transportation terminal operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City of Rapid City's various functions. The City of Rapid City uses internal service funds to account for its worker's compensation, health and liability insurance and unemployment compensation management. These services benefit all functions and they have been allocated to each based on the ratio of the individual function's payroll to the total payroll of the City in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, water reclamation, airport and civic center which are considered to be major funds of the City of Rapid City. Data from the other ten enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19-26 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Rapid City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-60 of this report.

Required Supplementary Information

The Management's Discussion and Analysis (pages 4-11) and the section that follows the basic financial statements (pages 62-69) are considered required supplementary information to the basic financial statements. This section that follows the basic financial statements includes a Budgetary Comparison Schedule, and related notes, for the General Fund and the Capital Improvements and Vision fund which both have a legally adopted annual budget. It also includes the City's schedules for pension contributions and proportionate share of net pension asset and related notes for the pension contributions and proportionate share of net pension asset schedules. In addition, the City's schedule of OPEB liability and changes in the employer's net OPEB liability is included in this required supplemental information.

Other Information

The supplementary combining statements referred to earlier in connection with non-major governmental and proprietary funds and internal service funds are presented immediately following the required supplementary information and can be found on pages 70-88 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rapid City, assets exceeded liabilities by \$973,435,079 at the close of the most recent fiscal year.

By far the largest portion of the City of Rapid City's total assets (78.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Rapid City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rapid City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Following is a comparison between the current and prior year's assets, liabilities and changes in net position.

CITY OF RAPID CITY'S NET POSITION (in thousands)

	Government Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
<u>Assets:</u>						
Current and Other Assets	\$ 183,674	\$ 166,354	\$ 86,651	\$ 113,548	\$ 270,326	\$ 279,902
Capital Assets	297,174	299,473	602,778	677,054	899,951	976,527
Deferred Outflows	3,551	3,164	1,253	1,281	4,804	4,445
Total Assets	484,399	468,990	690,682	791,883	1,175,081	1,260,874
<u>Liabilities</u>						
Long-term liabilities outstanding	124,563	129,814	71,026	73,912	195,589	203,726
Other liabilities	49,056	45,296	15,600	20,665	64,656	65,961
Deferred Inflows	-	14,719	-	3,033	-	17,752
Total liabilities	173,619	189,829	86,626	97,610	260,245	287,439
<u>Net position:</u>						
Net Investment in capital assets	164,205	161,554	532,743	603,180	696,949	764,735
Restricted	76,846	35,804	5,416	7,283	82,263	43,086
Unrestricted	69,729	81,804	65,896	83,811	135,625	165,614
Total net position	\$ 310,780	\$ 279,161	\$ 604,056	\$ 694,274	\$ 914,836	\$ 973,435

A portion of the City of Rapid City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$165,614,023 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Rapid City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets:
City of Rapid City's Changes in Net Position
(In Thousands)

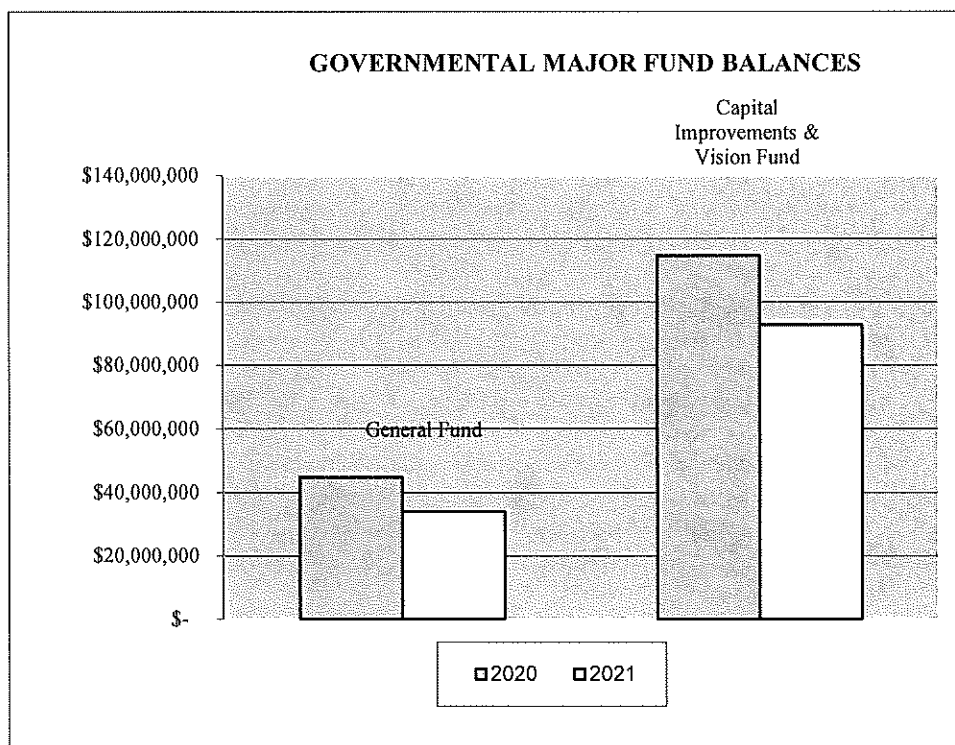
	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program Revenues						
Charges for services	\$ 7,164	\$ 8,334	\$ 61,788	\$ 73,857	\$ 68,952	\$ 82,191
Operating grants & contributions	23,851	5,544	2,660	4,447	26,511	9,991
Capital grants and contributions	2,859	5,855	5,676	11,990	8,535	17,845
General Revenues						
Property taxes	30,899	32,034	-	-	30,899	32,034
Other taxes	61,893	73,508	4,831	6,449	66,724	79,957
State/County shared revenue	1,905	1,858	-	-	1,905	1,858
Unrestricted investment earnings	1,591	(4)	670	109	2,261	105
Other	2,338	642	324	565	2,662	1,207
Total Revenues	132,500	127,772	75,949	97,417	208,449	225,189
Expenses:						
General government	3,953	5,143	-	-	3,953	5,143
Public safety	31,716	38,128	-	-	31,716	38,128
Public works	32,602	19,745	-	-	32,602	19,745
Health and welfare	3,169	4,214	-	-	3,169	4,214
Culture & recreation	10,799	14,292	-	-	10,799	14,292
Conservation & development	3,305	5,386	-	-	3,305	5,386
Interest on long-term debt	5,975	6,587	-	-	5,975	6,587
Miscellaneous	1,725	2,095	-	-	1,725	2,095
Water reclamation	-	-	10,161	11,614	10,161	11,614
Water	-	-	14,127	13,969	14,127	13,969
Golf	-	-	1,207	1,158	1,207	1,158
Executive Golf	-	-	281	319	281	319
Airport	-	-	9,200	10,422	9,200	10,422
Waste collection	-	-	2,949	2,914	2,949	2,914
Waste disposal	-	-	6,853	7,247	6,853	7,247
Civic center	-	-	9,174	13,101	9,174	13,101
Stormwater	-	-	2,948	4,013	2,948	4,013
Cemetery	-	-	-	-	-	-
Parking	-	-	761	834	761	834
Energy plant	-	-	563	660	563	660
Transportation terminal	-	-	253	172	253	172
Ambulance	-	-	4,660	4,578	4,660	4,578
Total Expenses	93,244	95,589	63,137	71,000	156,381	166,589
Excess revenues before contributions, transfers special and extraordinary items	39,256	32,182	12,812	26,417	52,068	58,599
Fund Transfers	(62,112)	(63,801)	62,112	63,801	-	-
Change in Net Position	(22,856)	(31,619)	74,924	90,218	52,068	58,599
Net Position, beginning, as previously reported	333,990	310,780	529,131	604,056	863,121	914,836
Change in Accounting Principle	(354)	-	-	-	(354)	-
NET POSITION – ENDING	\$ 310,780	\$ 279,161	\$ 604,056	\$ 694,274	\$ 914,835	\$ 973,435

Financial Analysis of the Government's funds

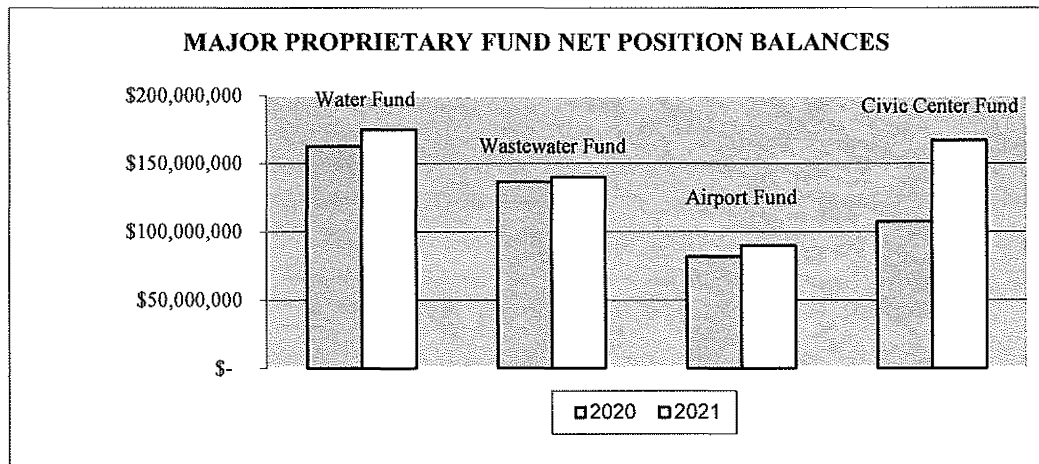
Governmental Funds The focus of the City of Rapid City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Rapid City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$125,256,536. Approximately 20.3% of this total amount, \$25,376,532 constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as 1) nonspendable (for inventories, notes receivable, advances to other funds, and perpetual care cemetery endowment of \$3,194,136), 2) restricted (for debt service, perpetual care cemetery, library, business improvement districts, capital projects and grants of \$31,156,162), 3) Committed (for capital improvements/replacements, capital improvements & vision and the erosion and sediment control funds of \$62,772,102.), 4) Assigned (2022 appropriations \$2,757,604).

The General Fund balance decreased by \$(10,778,1313) in 2021, which was primarily due to the transfers from the General Fund to the Capital Improvements & Vision Fund for COVID-19 projects. The Capital Improvements & Vision Fund balance decreased by \$(21,909,614) which is due to the capital outlay expenditures on the Civic Center expansion.



Proprietary Funds The City of Rapid City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.



The unrestricted net positions in the respective major proprietary funds are: Water - \$24,155,453, Wastewater - \$22,949,340, Airport - \$18,932,245 and Civic Center - \$2,742,157.

Budgetary Highlights

General Fund Supplemental appropriations primarily involve grant funds or “windfalls”. The City of Rapid City’s budget to actual schedules for major governmental funds can be found on pages 62-65. In general, total expenditures for each of these funds did not exceed budgeted amounts.

Capital Asset and Debt Administration

Capital Assets The City of Rapid City’s net investment in capital assets for its governmental and business type activities as of December 31, 2021 amounts to \$764,734,762 (net of accumulated depreciation and related debt) which is a \$67,786,126 increase from 2020. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

Major capital asset events during the current fiscal year included the following: Civic Center Expansion; Fitzgerald Stadium remodel; Elk Vale lift station, Robbinsdale reconstruction, Airport renovation projects; various infrastructure improvements as well as replacement of multiple vehicles and large pieces of equipment.

Capital Assets and Debt Administration – Continued

City of Rapid City's Capital Assets (Net of Depreciation) (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land and land improvements	\$ 49,182	\$ 48,499	\$ 18,130	\$ 19,563	\$ 67,312	\$ 68,062
Buildings	100,955	102,708	193,244	321,474	294,199	424,183
Improvements	377,470	394,824	565,388	586,185	942,858	981,009
Machinery and equipment	40,525	37,756	40,587	38,918	81,112	76,674
Construction in Progress	6,142	5,432	72,468	13,898	78,610	19,329
Total	574,274	589,219	889,817	980,038	1,464,091	1,569,257
Less accumulated depreciation	(277,100)	(289,746)	(287,039)	(302,984)	(564,139)	(592,730)
Total capital assets	\$ 297,174	\$ 299,473	\$ 602,778	\$ 677,054	\$ 899,952	\$ 976,527

Long-term debt

City of Rapid City's Outstanding Debt (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenue Bonds	\$ 108,030	\$ 120,560	\$ 66,386	\$ 70,039	\$ 174,416	\$ 190,599
Unamortized Premium/Discounts	2,482	775	3,511	3,724	5,993	4,499
Revolving Loan	669	71	-	-	669	71
Landfill Closure	-	-	4,150	4,350	4,150	4,350
Tax Increment Financing	17,884	12,739	-	-	17,884	12,739
Lease/Purchase	3,904	3,774	138	111	4,042	3,885
Other Post Employment Benefits	16,244	16,550	5,863	6,710	22,107	23,260
Compensated Absences	1,932	2,112	782	979	2,714	3,091
Total	\$ 151,145	\$ 156,581	\$ 80,830	\$ 85,913	\$ 231,975	\$ 242,494

The City of Rapid City maintains an AAA to Baa3 rating from Moody's on all of its revenue debt.

State statute limits the amount of general obligation debt a South Dakota city may issue to assessed value of taxable property. The current debt limitation for the City of Rapid City is \$1,547,790,872. \$164,469,185 of the City's outstanding debt is counted within the statutory limitation although the debt is wholly or partially financed by revenues other than a general tax levy.

Additional information on the City of Rapid City's long-term debt can be found in Note 7 to the Financial Statements.

Known fact, decisions or conditions

There are no known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

Requests for Information This financial report is designed to provide a general overview of the City of Rapid City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Rapid City, Finance Director, 300 Sixth Street, Rapid City, SD 57701. Component unit financial statements may be obtained by contacting the Museum Alliance of Rapid City, Inc. at 222 New York St., Rapid City SD 57701.

**CITY OF RAPID CITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS:				
Cash & Cash Equivalents (Note 2)	\$ 72,235,535	\$ 78,296,461	\$ 150,531,996	\$ 286,862
Investments (Note 2)	37,142,350	2,456,273	39,598,623	112,377
Accounts Receivable, Net (Note 3)	9,893,564	10,298,165	20,191,729	2,746
Internal Balances (Note 8)	132,451	(132,451)	-	-
Due from Other Governments (Note 4)	1,386,323	1,964,547	3,350,870	
Other Assets	797,334	1,255,801	2,053,135	34,669
Net Pension Asset (Note 9)	12,938,952	4,696,780	17,635,732	
Restricted Assets:				
Cash with Fiscal Agent (Note 2)	29,827,467	5,878,470	35,705,937	
Restricted Cash (Note 2)	1,530,151	5,163,909	6,694,060	
Restricted Investments (Note 2 and 14)	469,689	3,669,885	4,139,574	59,067
Capital Assets (Note 5):				
Land and Construction in Progress	53,930,613	33,460,847	87,391,460	
Other Capital Assets, Net of Depreciation	245,542,262	643,593,255	889,135,517	118,457
TOTAL ASSETS	465,826,691	790,601,942	1,256,428,633	614,178
DEFERRED OUTFLOWS OF RESOURCES:				
OPEB Related Deferred Outflows (Note 10)	3,163,634	1,281,319	4,444,953	
Total Deferred Outflows of Resources:	3,163,634	1,281,319	4,444,953	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	468,990,325	791,883,261	1,260,873,586	614,178
LIABILITIES:				
Accounts Payable	16,413,278	6,374,357	22,787,635	19,167
Amount Held for Others (Note 1)	2,115,777	-	2,115,777	
OPEB Liability (Note 10)	16,550,286	6,710,347	23,260,633	
Other Current Liabilities (Note 7)	10,216,584	7,579,819	17,796,403	7,879
Noncurrent Liabilities (Notes 7 and 14)	129,814,062	73,912,304	203,726,366	6,900
TOTAL LIABILITIES	175,109,987	94,576,827	269,686,814	33,946
DEFERRED INFLOWS OF RESOURCES:				
ARPA Related Deferred Inflows	6,377,377	-	6,377,377	
Pension Related Deferred Inflows (Note 9)	8,341,580	3,032,736	11,374,316	-
Total Deferred Inflows of Resources:	14,718,957	3,032,736	17,751,693	
NET POSITION:				
Net Investment in Capital Assets	161,554,339	603,180,423	764,734,762	118,457
Restricted for:				
Debt Service	29,827,467	5,618,716	35,446,183	-
Cemetery Trust Fund - Expendable	99,274	-	99,274	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	914,950	-	914,950	-
Other Purposes - Business Impr District	8,110	-	8,110	-
Other Purposes - Grants	113,605	-	113,605	-
Other Purposes - Library	192,756	-	192,756	-
Other Purposes - Pension	4,597,372	1,664,044	6,261,416	-
Unrestricted (Note 11)	81,803,508	83,810,515	165,614,023	461,775
TOTAL NET POSITION	279,161,381	694,273,698	973,435,079	580,232
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 468,990,325	\$ 791,883,261	\$ 1,260,873,586	\$ 614,178

The notes to the financial statements are an integral part of this statement.

**CITY OF RAPID CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	----- Program Revenues -----				Net (Expense) Revenue and ----- Changes in Net Position -----			Component Unit MARC
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Functions/Programs								
Primary Government								
Governmental Activities:								
General Government	\$ 5,142,538	\$ 691,229	\$ 240,020	\$ -	\$ (4,211,289)	\$ -	\$ (4,211,289)	\$ -
Public Safety	38,127,864	2,092,237	1,765,688	-	(34,269,939)	-	(34,269,939)	-
Public Works	19,744,604	454,837	-	5,854,784	(13,434,983)	-	(13,434,983)	-
Health and Welfare	4,213,895	225,912	2,474,073	-	(1,513,910)	-	(1,513,910)	-
Culture, Recreation	14,292,259	1,975,712	15,169	-	(12,301,378)	-	(12,301,378)	-
Conservation and Development	5,386,070	2,798,098	1,049,075	-	(1,538,897)	-	(1,538,897)	-
Interest on Long Term Debt (1)	6,586,758	-	-	-	(6,586,758)	-	(6,586,758)	-
Miscellaneous Expenditures	2,095,359	96,303	-	-	(1,999,056)	-	(1,999,056)	-
Total Governmental Activities	95,589,347	8,334,328	5,544,025	5,854,784	(75,856,210)	-	(75,856,210)	-
Business-Type Activities:								
Water	13,969,439	24,556,523	-	1,333,042	-	11,920,126	11,920,126	-
Water Reclamation	11,614,018	13,480,442	-	1,465,337	-	3,331,761	3,331,761	-
Airport	10,421,527	8,995,699	2,208,577	6,676,579	-	7,459,328	7,459,328	-
Solid Waste Disposal	7,247,106	7,309,640	-	300,298	-	362,832	362,832	-
Civic Center	13,101,077	5,507,558	2,238,442	-	-	(5,355,077)	(5,355,077)	-
Solid Waste Collection	2,914,022	3,353,587	-	-	-	439,565	439,565	-
Stormwater Utility	4,012,761	2,579,415	-	2,215,011	-	781,665	781,665	-
Executive Golf Course	319,394	258,694	-	-	-	(60,700)	(60,700)	-
Golf Course	1,157,552	985,527	-	-	-	(172,025)	(172,025)	-
Parking Lot & Area	833,870	1,622,696	-	-	-	788,826	788,826	-
Energy Plant	659,518	562,756	-	-	-	(96,762)	(96,762)	-
Ambulance	4,577,558	4,619,137	-	-	-	41,579	41,579	-
Transportation Terminal	172,172	24,850	-	-	-	(147,322)	(147,322)	-
Total Business-type Activities	71,000,014	73,856,524	4,447,019	11,990,267	-	19,293,796	19,293,796	-
Total Primary Government	\$ 166,589,361	\$ 82,190,852	\$ 9,991,044	\$ 17,845,051	\$ (75,856,210)	\$ 19,293,796	\$ (56,562,414)	\$ -
Component Unit:								
Museum Alliance of Rapid City, Inc. (MARC)	\$ 575,452	\$ 205,887	\$ 651,270					\$ 281,705
General Revenues:								
Taxes:								
Property Taxes					32,033,972	-	32,033,972	-
Sales Taxes					72,537,065	6,259,109	78,796,174	-
Other Taxes					971,003	190,009	1,161,012	-
State Shared Revenue					1,858,258	-	1,858,258	-
Unrestricted Investment Earnings (Loss)					(3,726)	108,920	105,194	-
Miscellaneous Revenue					642,052	565,006	1,207,058	-
Transfers					(63,801,181)	63,801,181	-	-
Total General Revenue, Loss and Transfers					44,237,443	70,924,225	115,161,668	-
Change in Net Position					(31,618,767)	90,218,021	58,599,254	281,705
Net Position, Beginning, as previously reported					310,780,148	604,055,677	914,835,825	298,527
Net Position, Ending					\$ 279,161,381	\$ 694,273,698	\$ 973,435,079	\$ 580,232

(1) The City does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The notes to the financial statements are an integral part of this statement.

**CITY OF RAPID CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
101 Cash and Cash Equivalents (Note 2)	\$ 28,771,133	\$ 35,663,014	\$ 1,426,594	\$ 65,860,741
106 Cash with Fiscal Agent, Restricted (Note 2)	-	29,827,467	-	29,827,467
107.1 Restricted Cash and Cash Equivalents (Note 2)	1,211,660	-	318,491	1,530,151
107.1 Restricted Investments (Note 2)	469,689	-	-	469,689
151 Investments (Note 2)	5,984,464	30,469,269	26,704	36,480,437
110 Property Taxes Receivable--Delinquent	183,306	-	12,657	195,963
110 Sales Tax Receivable	4,157,632	4,157,632	-	8,315,264
115 Accounts Receivable, Net	466,807	-	3,971	470,778
121 Special Assessments Receivable--Current	1,464	-	4,907	6,371
122 Special Assessments Receivable--Delinquent	36,994	-	588	37,582
123 Special Assessments Receivable--Deferred	56,516	-	30,352	86,868
128 Notes Receivable (Note 3)	249,350	70,413	-	319,763
131 Due from Other Funds (Note 8)	822,235	921	-	823,156
133 Advance to Other Funds (Note 8)	1,878,095	219,357	-	2,097,452
132 Due from Other Governments (Note 4)	1,362,835	-	23,488	1,386,323
135 Interest Receivable	23,436	42,847	1,850	68,133
144 Inventory	797,334	-	-	797,334
TOTAL ASSETS	\$ 46,472,950	\$ 100,450,920	\$ 1,849,602	\$ 148,773,472
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
201 Claims Payable	2,105,838	7,714,969	323,778	10,144,585
216 Wages Payable	1,750,169	-	10,313	1,760,482
219 Amounts Held for Others	2,115,777	-	-	2,115,777
208 Due to Other Funds (Note 8)	-	-	1,634,945	1,634,945
209 Advance from Other Funds (Note 8)	-	-	1,348,836	1,348,836
Total Liabilities	5,971,784	7,714,969	3,317,872	17,004,625
Deferred Inflows of Resources:				
245 Unavailable Revenue -- Property Taxes	17,732	-	3,204	20,936
246 Unavailable Revenue -- Special Assessments	84,413	-	29,585	113,998
246 Unavailable Revenue -- Grants (ARPA)	6,377,377	-	-	6,377,377
Total Deferred Inflows of Resources:	6,479,522	-	32,789	6,512,311
Fund Balances:				
263 Nonspendable				
263.01 Inventory	797,334	-	-	797,334
263.04 Advances	1,878,095	219,357	-	2,097,452
263.05 Notes Receivables	249,350	-	-	249,350
263.51 Perpetual Care Cemetery	-	-	50,000	50,000
264 Restricted				
264.01 Debt Service	-	29,827,467	914,950	30,742,417
264.03 Cemetery Perpetual Care	-	-	99,274	99,274
264.05 Library	-	-	192,756	192,756
264.09 Business Improvement District	-	-	8,110	8,110
264.97 Grant	-	-	113,605	113,605
265 Committed				
265.04 Vision & Capital Improvements	-	62,689,127	-	62,689,127
265.99 Erosion/Sediment Control	-	-	82,975	82,975
266 Assigned				
266.01 Assigned for Next Year's Appropriation	2,757,604	-	-	2,757,604
267 Unassigned (Note 11)	28,339,261	-	(2,962,729)	25,376,532
Total Fund Balances	34,021,644	92,735,951	(1,501,059)	125,256,536
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 46,472,950	\$ 100,450,920	\$ 1,849,602	\$ 148,773,472

The notes to the financial statements are an integral part of this statement.

**CITY OF RAPID CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balances - Governmental Funds	\$ 125,256,536
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds	12,938,952
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	299,472,875
Pension related deferred inflows are components of the net pension asset and therefore not reported in the funds.	(8,341,580)
Long term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore not reported in the funds.	(140,030,646)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(332,669)
Property Taxes (delinquent)and special assessments (current, delinquent and deferred) as well as deferred grant revenue are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	134,934
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.	3,449,631
Other post-employment benefits (OPEB) is not due and payable in the current period and therefore not reported in the funds.	(16,550,286)
OPEB-related deferred outflows are components of the OPEB liability and are therefore not reported in the funds.	3,163,634
Total Net Position - Governmental Activities	<u><u>\$ 279,161,381</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
310 Taxes:				
311 General Property Taxes	\$ 20,454,197	\$ -	\$ 9,165,758	\$ 29,619,955
313 General Sales and Use Taxes	36,269,083	36,267,982	-	72,537,065
314 Gross Receipts Business Taxes	649,783	-	1,743,298	2,393,081
320 Licenses and Permits	3,521,101	-	-	3,521,101
330 Intergovernmental Revenue:				
331 Federal Grants	2,592,930	-	757,843	3,350,773
331.01 CARES ACT Funds (COVID)	2,094,275	-	-	2,094,275
334 State Grants	6,884	-	-	6,884
334.02 Surface Transportation Program (STP)	-	2,823,115	-	2,823,115
335 State Shared Revenue:				
335.01 Bank Franchise Tax	244,242	-	-	244,242
335.03 Liquor Tax Reversion	507,765	-	-	507,765
335.04 Motor Vehicle Licenses (5%)	140	-	-	140
335.06 Fire Insurance Reversion	313,252	-	-	313,252
335.08 Local Government Highway and Bridge Fund	792,859	-	-	792,859
338 County Shared Revenue:				
338.01 County Road Tax (25%)	644,390	-	-	644,390
340 Charges for Goods and Services:				
341 General Government	153,129	-	-	153,129
342 Public Safety	2,039,834	-	-	2,039,834
343 Public Works	36,417	-	-	36,417
345 Health & Welfare	214,012	-	-	214,012
346 Culture and Recreation	2,017,178	-	-	2,017,178
348 Cemetery	278,587	-	17,275	295,862
349 Conservation & Development	-	-	96,303	96,303
350 Fines and Forfeits:				
351 Court Fines and Costs	1,958	-	-	1,958
354 Library	-	-	50,627	50,627
360 Miscellaneous Revenue:				
361 Interest Earnings (Loss)	147,911	(153,537)	1,900	(3,726)
362 Rentals	224,367	-	-	224,367
363 Special Assessments	-	-	212,615	212,615
367 Contributions and Donations	19,000	-	46,323	65,323
369 Other	264,219	45,087	43,056	352,362
Total Revenue	73,487,513	38,982,647	12,134,998	124,605,158
Expenditures:				
410 General Government:				
412 Executive-Mayor & Council	747,645	-	-	747,645
414 Financial - Human Resources	482,515	-	-	482,515
414 Financial - Information Technology	845,147	436,676	-	1,281,823
414 Financial - Finance	575,478	-	-	575,478
414 Financial - Attorney	384,826	-	-	384,826
419 Other - Government Buildings	1,097,312	8,912	-	1,106,224
420 Public Safety:				
421 Police	16,738,775	-	-	16,738,775
422 Fire	14,399,919	-	-	14,399,919
429 Other Protection-Code Enforcement	255,543	-	-	255,543
429 Other Protection-ACE	1,537,400	-	-	1,537,400
429 Other Protection-Emergency Mgt	1,779,988	-	-	1,779,988

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
430 Public Works:				
431 Highways and Streets	5,515,286	147,939	-	5,663,225
43x Administration	1,093,036	2,143,025	-	3,236,061
440 Health and Welfare:				
441 Health	853,887	-	-	853,887
444 Humane Society	320,355	-	-	320,355
449 Other - Public Transit	2,466,934	-	-	2,466,934
449 Other - Air Quality	70,490	-	-	70,490
450 Culture and Recreation:				
451 Recreation	417,928	-	-	417,928
451 Swimming Pools	2,387,855	-	-	2,387,855
451 Ice Arena	684,600	-	-	684,600
452 Parks	3,081,278	15,682	-	3,096,960
455 Libraries	3,207,286	-	15,146	3,222,432
457 Historical Preservation	16,045	-	-	16,045
459 Other - Parks & Rec Administration	613,231	-	-	613,231
459 Other - Retired Senior (RSVP)	-	-	126,452	126,452
459 Other - Cemetery	330,273	-	816	331,089
459 Other - Subsidies	490,640	-	-	490,640
460 Conservation and Development:				
465 Economic Development	266,637	3,642,368	-	3,909,005
465 Community Development	37,987	-	721,496	759,483
465 Transportation Planning	518,676	-	-	518,676
465 GIS Information System	198,906	-	-	198,906
470 Debt Service	32,013	12,641,233	8,179,793	20,853,039
485 Capital Outlay	2,013,651	79,442,656	-	81,456,307
490 Miscellaneous:				
492 Other Expenditures	158,053	14,467	1,922,839	2,095,359
Total Expenditures	63,619,595	98,492,958	10,966,542	173,079,095
Excess of Revenue Over (Under)				
Expenditures	9,867,918	(59,510,311)	1,168,456	(48,473,937)
Other Financing Sources (Uses):				
391.01 Transfers In (Out) (Note 8)	(20,704,139)	20,715,697	4,050	15,608
391.02 Long-term debt issued (Note 7)	-	102,370,000	-	102,370,000
391.03 Sale of Municipal Property	58,090	-	-	58,090
513 Payments to Refunded Debt Escrow Agent (Note 7)	-	(85,485,000)	-	(85,485,000)
Total Other Financing Sources (Uses)	(20,646,049)	37,600,697	4,050	16,958,698
Net Change in Fund Balances	(10,778,131)	(21,909,614)	1,172,506	(31,515,239)
Fund Balance (Deficit) - Beginning	44,799,775	114,645,565	(2,673,565)	156,771,775
FUND BALANCE (DEFICIT) - ENDING	\$ 34,021,644	\$ 92,735,951	\$ (1,501,059)	\$ 125,256,536

The notes to the financial statements are an integral part of this statement.

CITY OF RAPID CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total government funds	\$ (31,515,239)
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Outlay	81,456,307
Depreciation	(16,666,632)
	<u>64,789,675</u>
Capital assets contributed to the City by development.	3,031,669
Capital assets transferred to proprietary funds.	(63,762,494)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position (net of premium).	99,535,012
Debt proceeds, including premiums are a revenue in the governmental funds but the proceeds increase long-term liabilities in the statement of net position.	(104,484,990)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. The amount represents the change in accrued interest during the current period.	216,270
In the Statement of Activities, the gains and losses on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(1,759,983)
Changes in the other post employment benefit obligations related deferred outflows/inflows and related post employment expenses/revenue are not reported as expenditures in the governmental fund statements.	351,755
Governmental funds report property taxes, special assessments and grants as revenue when funds become available, but the statement of activities includes the property tax, special assessments and grants as revenue when earned.	(5,340)
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(180,066)
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds has been prorated to governmental activities and business-type activities based on the proportionate share of wages.	(1,306,982)
Changes in the pension related deferred outflows/inflows, pension liability/asset and related pension expenses/revenue are not reported as expenditures in the governmental fund statements.	3,471,946
Change in Net Position of Governmental Activities	<u><u>\$ (31,618,767)</u></u>

The notes to financial statements are an integral part of this statement.

**CITY OF RAPID CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
ASSETS:				
Current Assets:				
101 Cash and Cash Equivalents (Note 2)	\$ 25,120,011	\$ 17,232,733	\$ 18,493,145	\$ 4,711,725
106 Cash with Fiscal Agent, Restricted (Note 2)	3,947,959	1,145,268	785,243	-
107.1 Restricted Cash and Cash Equivalents (Note 2)	-	4,448,794	-	-
107.1 Restricted Investments (Note 14)	-	-	-	-
151 Investments (Notes 2)	1,109,375	1,097,004	-	54,868
115 Accounts Receivable	962,807	832,520	188,535	73,354
116 Estimated Uncollectable Accounts Receivable	(175,000)	(125,000)	(45,000)	-
117 Unbilled Accounts Receivable	953,298	708,973	-	-
110 Sales Tax Receivable	-	-	-	501,157
121 Special Assessments Receivable--Current	-	-	-	-
122 Special Assessments Receivable--Delinquent	-	-	-	-
131 Due from Other Funds (Note 8)	-	1,630,097	-	-
132 Due from Other Government (Note 4)	7,188	-	1,604,673	31,087
135 Interest Receivable	1,108	1,079	-	54
142 Inventory of Stores Purchased for Resale	895,163	25,559	-	286,011
Total Current Assets	32,821,909	26,997,027	21,026,596	5,658,256
Noncurrent Assets:				
133 Advance to Other Funds (Note 8)	-	194,326	-	-
196 Net Pension Asset (Note 9)	732,125	554,851	458,004	765,582
Capital Assets (Note 5):				
160 Land	7,770,035	2,272,076	1,084,000	1,091,682
162 Buildings	23,180,325	35,345,407	42,471,012	191,023,837
164 Improvements Other than Bldg	242,527,205	139,573,283	90,887,691	11,021,998
164 Furniture & Equipment	1,365,702	2,464,373	3,279,268	4,598,205
166 Machinery and Equipment	801,161	2,484,156	4,496,453	1,019,972
168 Construction Work in Progress	4,106,950	6,002,745	637,263	-
Less: Accumulated Depreciation	(83,183,569)	(59,406,072)	(64,456,003)	(42,315,699)
Total Noncurrent Assets	197,299,934	129,485,145	78,857,688	167,205,577
Deferred Outflows of Resources:				
196 OPEB Related Deferred Outflows	217,685	164,458	128,065	235,130
Total Deferred Outflows of Resources:	217,685	164,458	128,065	235,130
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
AND FUND BALANCES	\$ 230,339,528	\$ 156,646,630	\$ 100,012,349	\$ 173,098,963
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:				
Current Liabilities:				
202 Accounts Payable (Note 12)	\$ 2,083,783	\$ 2,360,563	\$ 570,523	\$ 416,263
208 Due to Other Funds (Note 8)	-	-	-	113,307
215 Accrued Interest Payable	153,797	65,450	29,738	2,673
220 Customer Deposits	1,207,776	-	-	-
216 Wages Payable	130,968	84,612	84,999	194,532
226 Bonds Payable Current (Note 7)	2,087,146	2,453,761	385,000	320,000
226 Notes Payable Current (Note 7)	-	-	-	-
230 Compensated Absences Payable -- Current (Note 7)	15,000	5,000	5,000	10,000
Total Current Liabilities	5,678,470	4,969,386	1,075,260	1,056,775
Noncurrent Liabilities:				
157 Unamortized Premium (Note 7)	2,614,103	236,381	873,012	-
209 Advance from Other Funds (Note 8)	-	-	-	942,943
231 OPEB Long-Term Obligation (Note 10)	1,138,641	860,597	666,487	1,228,455
231 Bonds Payable (Note 7)	45,488,192	10,209,877	7,075,000	2,020,000
231 Notes Payable (Note 7)	-	-	-	-
233 Accrued Leave Payable (Note 7)	206,217	144,735	80,426	243,056
235 Accrued Landfill Closure and Postclosure (Notes 7 & 14)	-	-	-	-
Total Noncurrent Liabilities	49,447,153	11,451,590	8,694,925	4,434,454
Deferred Inflows of Resources:				
248 Pension Related Deferred Inflows	471,988	358,331	295,258	494,245
Total Deferred Inflows of Resources:	471,988	358,331	295,258	494,245
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES:	55,597,611	16,779,307	10,065,443	5,985,474
NET POSITION:				
253.10 Net Investment in Capital Assets	146,378,368	115,835,949	70,066,672	164,099,995
253.20 Restricted Net Position, Restricted for:				
253.22 Revenue Bond Retirement	3,947,959	885,514	785,243	-
253.29 SDRS - Pension	260,137	196,520	162,746	271,337
253.90 Unrestricted Net Position	24,155,453	22,949,340	18,932,245	2,742,157
TOTAL NET POSITION	174,741,917	139,867,323	89,946,906	167,113,489
TOTAL LIABILITIES AND FUND BALANCES	\$ 230,339,528	\$ 156,646,630	\$ 100,012,349	\$ 173,098,963

The notes to the financial statements are an integral part of this statement.

Nonmajor Enterprise Funds		Totals	Internal Service Funds
\$	12,738,847	\$ 78,296,461	\$ 6,374,794
	-	5,878,470	-
	715,115	5,163,909	-
	3,669,885	3,669,885	-
	195,026	2,456,273	661,913
	10,628,465	12,685,681	392,178
	(6,960,000)	(7,305,000)	-
	294,115	1,956,386	-
	21,204	522,361	-
	2,428,611	2,428,611	-
	3,816	3,816	-
	-	1,630,097	-
	321,599	1,964,547	-
	4,069	6,310	664
	49,068	1,255,801	-
	24,109,820	110,613,608	7,429,549
	-	194,326	-
	2,186,218	4,696,780	-
	7,345,366	19,563,159	-
	29,453,712	321,474,293	-
	102,174,741	586,184,918	-
	9,269,822	20,977,370	-
	9,138,569	17,940,311	-
	3,150,730	13,897,688	-
	(53,622,294)	(302,983,637)	-
	109,096,864	681,945,208	-
	535,981	1,281,319	-
	535,981	1,281,319	-
\$	133,742,665	\$ 793,840,135	\$ 7,429,549
\$	943,225	\$ 6,374,357	\$ 4,174,347
	705,000	818,307	-
	32	251,690	-
	-	1,207,776	-
	299,736	794,847	1,194
	-	5,245,907	-
	28,099	28,099	-
	16,500	51,500	-
	1,992,592	14,772,483	4,175,541
	-	3,723,496	-
	-	942,943	-
	2,816,167	6,710,347	-
	-	64,793,069	-
	83,108	83,108	-
	253,197	927,631	-
	4,385,000	4,385,000	-
	7,537,472	81,565,594	-
	1,412,914	3,032,736	-
	1,412,914	3,032,736	-
	10,942,978	99,370,813	4,175,541
	106,799,439	603,180,423	-
	-	5,618,716	-
	773,304	1,664,044	-
	15,226,944	84,006,139	3,254,008
	122,799,687	694,469,322	3,254,008
\$	133,742,665	\$ 793,840,135	\$ 7,429,549

**CITY OF RAPID CITY
RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Net Position - Enterprise Funds	\$ 694,469,322
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Amounts reported for business-type activities in the statement
of net position are different because:

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Funds' participation in the activities conducted in the internal service fund	(195,624)
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Total Net Position - Business-type Activities	<u>\$ 694,273,698</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2021

	Enterprise Funds		
	Water Fund	Wastewater Fund	Airport Fund
Operating Revenue:			
380 Charges for Goods and Services	\$ 24,595,143	13,513,554	\$ 9,161,071
Total Operating Revenues	24,595,143	13,513,554	9,161,071
Operating Expenses:			
410 Personal Services	3,037,020	2,180,711	1,873,705
420 Other Current Expense	3,464,117	4,630,478	4,881,084
426.2 Materials (Cost of Goods Sold)	315,766	57,163	-
457 Depreciation (see Note 5)	5,325,388	4,343,057	3,324,165
Total Operating Expenses	12,142,291	11,211,409	10,078,954
Operating Income (Loss)	12,452,852	2,302,145	(917,883)
Nonoperating Revenue (Expense):			
361 Investment Earnings (Loss)	7,854	92,665	14,998
470 Interest Expense and Fiscal Charges	(1,737,229)	(334,647)	(289,940)
366 (Loss) Gain on Disposition of Capital Assets	(38,620)	(33,112)	(165,372)
369.05 Other Taxes	-	77,271	112,738
313 Sales Tax	402	-	8,625
369 Other	54,566	142,864	159,479
Total Nonoperating Revenue (Expense)	(1,713,027)	(54,959)	(159,472)
Income (Loss) Before Capital Grants and Transfers	10,739,825	2,247,186	(1,077,355)
330 Capital Grants	-	-	6,676,579
331.01 CARES ACT Funds (COVID)	-	-	2,208,577
391.7 Capital Contributions	-	-	-
391.7 Contributions from Developers/Others	1,333,042	1,465,337	-
391.7 Capital Asset Transfers	35,742	(134,598)	96,552
391.1 Transfers In (Out) (see Note 8)	(24,611)	(41,633)	10,797
Net Capital Grants, Contributions and Transfers	1,344,173	1,289,106	8,992,505
Change in Net Position	12,083,998	3,536,292	7,915,150
Net Position - Beginning	162,657,919	136,331,031	82,031,756
NET POSITION - ENDING	\$ 174,741,917	\$ 139,867,323	\$ 89,946,906

The notes to the financial statements are an integral part of this statement.

Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 5,592,767	\$ 21,438,483	\$ 74,301,018	\$ 10,261,785
5,592,767	21,438,483	74,301,018	10,261,785
5,011,364	7,817,575	19,920,375	64,567
4,535,463	8,710,192	26,221,334	11,979,698
1,319,505	91,828	1,784,262	-
1,905,356	5,046,914	19,944,880	-
12,771,688	21,666,509	67,870,851	12,044,265
(7,178,921)	(228,026)	6,430,167	(1,782,480)
2,312	(8,909)	108,920	(124)
(232,378)	(5,051)	(2,599,245)	-
(85,209)	(122,181)	(444,494)	-
-	-	190,009	-
5,803,382	446,700	6,259,109	-
77,633	130,464	565,006	-
5,565,740	441,023	4,079,305	(124)
(1,613,181)	212,997	10,509,472	(1,782,604)
-	300,298	6,976,877	-
2,238,442	-	4,447,019	-
59,296,703	3,773,880	63,070,583	-
-	2,215,011	5,013,390	-
(193,104)	887,319	691,911	-
(41,330)	135,464	38,687	(54,295)
61,300,711	7,311,972	80,238,467	(54,295)
59,687,530	7,524,969	90,747,939	(1,836,899)
107,425,959	115,274,718	603,721,383	5,090,907
\$ 167,113,489	\$ 122,799,687	\$ 694,469,322	\$ 3,254,008

CITY OF RAPID CITY
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES
EXPENSES AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in net position - Enterprise funds	\$ 90,747,939
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of Enterprise Funds' participation in the activities conducted in the internal service fund	(529,918)
Change in Net Position of Business-type Activities	<u>\$ 90,218,021</u>

The notes to financial statements are an integral part of this statement.

**CITY OF RAPID CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipt from Customers	\$ 24,501,374	\$ 13,355,131	\$ 8,147,521	\$ 5,532,449
Payments to Suppliers	(2,251,776)	(2,739,547)	(5,766,155)	(5,793,441)
Payments to Employees	(3,043,801)	(2,233,134)	(1,916,945)	(4,889,997)
Net Cash Provided (Used) by Operating Activities	19,205,797	8,382,450	464,421	(5,150,989)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Airport Property Tax and Gross Receipts Tax (Civic Center)	-	-	121,363	5,803,382
Internal Activity - (Payment) Receipts to Other Funds	-	1,987,825	-	-
Transfers In (Out)	(24,611)	(41,633)	10,797	(41,330)
Net Cash Provided (Used) by Operating Subsidies and Transfers	(24,611)	1,946,192	132,160	5,762,052
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	-	8,025,000	-	2,340,000
Capital Grants	-	-	6,676,579	-
Purchase of Capital Assets	(9,211,745)	(6,722,655)	(4,988,752)	(289,270)
Principal Paid on Capital Debt	(2,435,609)	(1,326,289)	(365,000)	(2,585,000)
Interest Paid on Capital Debt	(1,747,709)	(334,647)	(286,790)	(232,378)
Other Receipts (Payments)	54,968	220,135	2,368,056	2,316,075
Net Cash (Used) by capital and related financing Activities	(13,340,095)	(138,456)	3,404,093	1,549,427
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earnings	8,520	93,267	15,010	2,341
Net Cash Provided (Used) by Investing Activities	8,520	93,267	15,010	2,341
Net Increase (Decrease) in Cash and Cash Equivalents	5,849,611	10,283,453	4,015,684	2,162,831
Balances - Beginning	23,218,359	12,543,342	15,262,704	2,548,894
Balances- Ending	\$ 29,067,970	\$ 22,826,795	\$ 19,278,388	\$ 4,711,725
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 12,452,852	\$ 2,302,145	\$ (917,883)	\$ (7,178,921)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	5,325,388	4,343,057	3,324,165	1,905,356
Change in Assets and Liabilities:				
Receivables	(94,939)	(169,331)	(19,766)	(62,389)
Inventories	(813,582)	3,180	-	(141,894)
Customer Deposits	1,076,578	-	-	-
Due from other Governments	1,170	10,908	(993,784)	2,071
Accounts and Other Payables	1,265,111	1,944,914	(885,071)	203,421
Accrued Wages Payable	47,810	1,790	23,454	99,512
Other Post Employment Benefits	181,971	103,657	78,238	281,378
Accrued Leave Payable	37,298	43,658	17,985	45,189
Pension Asset	(727,596)	(552,388)	(455,158)	(761,908)
Pension/OPEB Related Deferred Outflows	(18,252)	(7,471)	(3,017)	(37,049)
Pension Related Deferred Inflows	471,988	358,331	295,258	494,245
Net Cash Provided (Used) by Operating Activities	\$ 19,205,797	\$ 8,382,450	\$ 464,421	\$ (5,150,989)
Noncash Investing, Capital and Financing Activities:				
Gain (Loss) on Disposal of Capital Assets Not Affecting Operating Income	\$ (38,620)	\$ (33,112)	\$ (165,372)	\$ (85,209)
Contribution of Assets from Others	1,333,042	1,465,337	-	59,296,703
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
101 Cash and Cash Equivalents (Note 2)	\$ 25,120,011	\$ 17,232,733	\$ 18,493,145	\$ 4,711,725
106 Cash with Fiscal Agent, Restricted (Note 2)	3,947,959	5,594,062	785,243	-
	\$ 29,067,970	\$ 22,826,795	\$ 19,278,388	\$ 4,711,725

The notes to the financial statements are an integral part of this statement.

Nonmajor Proprietary Funds		Totals	Internal Service Funds
\$	20,506,122	\$ 72,042,597	\$ 10,119,795
	(8,815,650)	(25,366,569)	(11,818,107)
	(8,252,471)	(20,336,348)	(64,315)
	3,438,001	26,339,680	(1,762,627)

	-	5,924,745	-
	40,000	2,027,825	-
	135,464	38,687	(54,295)
	175,464	7,991,257	(54,295)

	-	10,365,000	-
	300,298	6,976,877	-
	(1,783,189)	(22,995,611)	-
	(26,788)	(6,738,686)	-
	(5,260)	(2,606,784)	-
	577,165	5,536,399	-
	(937,774)	(9,462,805)	-

	86,531	205,669	318,164
	86,531	205,669	318,164

	2,762,222	25,073,801	(1,498,758)
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	10,691,739	64,265,038	7,873,552
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\$	13,453,961	\$ 89,338,839	\$ 6,374,794
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\$	(228,026)	\$ 6,430,167	\$ (1,782,480)
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	5,046,914	19,944,880	-
	(932,361)	(1,278,786)	(141,990)
	(26,940)	(979,236)	-
	-	1,076,578	-
	-	(979,635)	-
	13,310	2,541,685	161,591
	38,499	211,065	252
	201,932	847,176	-
	52,605	196,735	-
	(2,178,089)	(4,675,139)	-
	37,243	(28,546)	-
	1,412,914	3,032,736	-
\$	3,438,001	\$ 26,339,680	\$ (1,762,627)

\$	(122,181)	\$ (444,494)	\$ -
	6,876,210	68,971,292	-

\$	12,738,846	\$ 78,296,460	\$ 6,374,794
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	715,115	11,042,379	-
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\$	13,453,961	\$ 89,338,839	\$ 6,374,794
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**CITY OF RAPID CITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	\$ 372,722
Total Assets	<u>372,722</u>
LIABILITIES:	
Accounts Payable	21,900
Amounts Held for Others	<u>42,185</u>
Total Liabilities	<u>64,085</u>
NET POSITION:	
Restricted for:	
Individuals, organization and other governments	308,637
Total Net Postion	<u>\$ 308,637</u>

**CITY OF RAPID CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Custodial Funds
ADDITONS:	
Member Contributions	\$ 365,754
Adminstrative Fees	65,372
Miscellaneous	<u>12,547</u>
Total Additions	<u>443,673</u>
DEDUCTIONS	
Payments to individuals, organization and other governments	352,950
Adminstrative Fees	<u>10,545</u>
Total Deductions	<u>363,495</u>
Net increase in fiduciary net postions	80,178
Net Position - Beginning	<u>228,459</u>
Net Position - Ending	<u>\$ 308,637</u>

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The reporting entity of the City of Rapid City (the City) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments and offices that make up the legal entity, plus those for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Museum Alliance of Rapid City, Inc. (MARC), a separate non-profit corporation, was formed as a special agent of the City to operate and maintain the Journey museum. The MARC is reported as a discretely reported component unit on the City's Statement of Position and Statement of Activities as the MARC is financially dependent on the City. A complete financial statement can be obtained at the MARC Administrative Office, located at 222 New York St., Rapid City SD 57701.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.A above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.A. above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued):

A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year or because of public interest in the fund's operations.

The funds of the City financial reporting entity are described below:

Governmental Funds

General Fund - the General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The City reports the following major special revenue funds:

Capital Improvements
& Vision Fund

Established by Rapid City Municipal Code Chapter 3.16.060 Capital Improvements & Vision Fund is the consolidation of the former Vision and Consolidated Construction funds. The purpose of the consolidation was to improve the City's ability to bond for future capital improvements and Vision fund projects in addition to obtaining more favorable interest rates on future bonds. Two separate set of accounts are maintained within this fund to account for sales tax revenues received to finance debt service and capital construction projects. In addition, this fund also accounts for sales tax revenue received to finance debt service and capital construction related to the City's long-term streets, water and sewer plans.

The following remaining Special Revenue funds are not considered to be major funds: Occupancy Tax, Downtown BID, Erosion/Sediment Control, Community Development, Rehabilitation Loan/Grant, Retired Senior Volunteer Program, Library Board and all TID funds. These funds are reported in the fund financial statements as "Other Governmental Funds".

Debt Service Funds - debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs in relation to the various tax increment districts that have been established, none of which are considered major funds.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Continued)

Governmental Funds (Continued)

Permanent Fund – permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs – that is for the benefit of the City and its citizenry.

Cemetery Perpetual Care Fund accounts for the payments received for perpetual care of cemeteries which is permanently set aside and for which only the income from the trust fund investments is used for care and maintenance of the cemetery. (SDCL 9-32-18) This is not a major fund.

Proprietary Funds

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external customers for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity’s principal revenue sources.

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit, even if that government is not expected to make any payments, is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
2. Laws or regulations require that the activity’s costs of providing services, including capital costs such as depreciation or debt service, be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service.

The City reports the following major enterprise funds:

Water Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1)
Wastewater Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2)
Airport Fund	Financed primarily by user charges and grants, this fund accounts for the construction and operation of the municipal airport and current grant activities.
Civic Center	Financed primarily by user fees and third penny sales tax (SDCL 10-52), this fund accounts for the operation of the municipal civic center.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Concluded)

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the primary government on a cost reimbursement basis. The City maintains four internal service funds: Medical Insurance, Liability Insurance, Unemployment Insurance and Workers' Compensation Insurance. These funds are utilized to account for the corresponding insurances. Internal Service Funds are never considered to be major funds.

Fiduciary Funds

Fiduciary funds consist of the following subcategory and are never considered to be a major fund.

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

<u>Fund</u>	<u>Brief Description</u>
Section 125 Fund	To account for pre-tax withholdings from employees, directed for medical or childcare expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City is 60 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflows of resources are considered unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

D. CASH AND CASH EQUIVALENTS

The City pools the cash resources of its funds for cash management purposes. For the purpose of the proprietary funds' Statements of Cash Flows, the City considers all highly liquid investments as deposits, including restricted assets, with a term to maturity of three months or less at the date of acquisition, to be cash equivalents.

E. DEPOSITS AND INVESTMENTS

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings accounts, certificates of deposit and cash management pools of the City that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. All investments with original maturities greater than 18 months at the time of purchase are redeemable at the City's option, assuming the investments are marketable.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on the internal services fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reduction occurs in the General Fund, so that expenses are only reported in the function to which they relate.

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds" and are equally offset by a nonspendable fund balance, which indicates they are not a component of current assets, and do not constitute "available spendable resources." Interfund receivables and payables between funds within governmental activities and within the business-type activities are eliminated in the Statement of Net Position. See Note 8 for details of interfund transactions, including receivables and payables at year-end.

G. INVENTORIES

Inventories in all funds are stated at the lower of cost or market, using the first-in, first-out method cost flow assumption. Inventories consist of sand, salt and chemicals for snow removal, service connection repair materials and concession items.

Government-wide Financial Statements: In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements: In the fund financial statements, purchase of supply inventory items are recorded as expenditures at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

H. CAPITAL ASSETS

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, infrastructure, construction/development in progress and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. CAPITAL ASSETS (Continued)

Government-Wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets donated by developers are recorded at estimated cost. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized. Historical cost was used to value the majority of the assets.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 1980 are recorded at cost and are classified as "Improvements Other than Buildings".

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset and the capitalization threshold (the dollar values above which asset acquisitions are added to the capital assets accounts) is as follows:

Buildings	25-50 years	\$ 15,000
Improvements	10-50 years	\$ 15,000
Machinery and Equipment	3-20 years	\$ 5,000
Utility System	25-50 years	\$ 15,000
Infrastructure	25-50 years	\$ 15,000

Land is an inexhaustible capital asset and is not depreciated. Construction in Progress is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits based on contract terms, years of service and age. All vacation time and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements and recorded as expenditure in the governmental fund statements when the employees use the benefits.

J. LONG-TERM LIABILITIES

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of general revenue bonds, direct borrowings and contracts payable, financing (capital acquisition) leases and compensated absences.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide financial statements.

K. PROGRAM REVENUE

Program revenues derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories as follows:

- a. Charges for services – These arise from charges to customers, applicants or others who purchase, use or directly benefit from the goods, services or privileges provided or are otherwise directly affected by the services.
- b. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- c. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for the acquisition of capital assets for use in a particular program.

L. DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position reports a section for the net deferred outflows/inflows of resources balances.

Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period. In the current year the City has recognized deferred outflows relating to the OPEB liability.

Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period. Deferred inflows of resources consist primarily of property taxes, pension and special assessments.

M. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

N. EQUITY CLASSIFICATIONS

Government-Wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

N. EQUITY CLASSIFICATIONS (Continued)

Application of Net Position

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity. Fiduciary fund is reported as Net Position-Restricted.

Fund Balance Classification Policies and Procedures

The City classifies governmental fund balances as follows:

1. Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Council or by an official or body to which the City Council delegates the authority.
5. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

O. RESTRICTED ASSETS

Certain assets are classified as restricted on the Statement of Net Position. These restrictions include those imposed by debt indenture covenants, tax increment financing district developer agreements, federal grant agreements, State law regarding use of cemetery perpetual care funds and landfill closure/post closure funds.

P. USE OF ESTIMATES

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Q. PENSIONS

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and the net pension asset are recognized on an accrual basis of accounting.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

R. EMERGING ACCOUNTING STANDARDS

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective for the City's year ending December 31, 2022. Management has not yet determined the effect this pronouncement will have on the City's financial statements.

GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. Leave that has not been used, is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means should generally be recognized at the employee's pay rate as of the financial statement date. The standard also includes guidance for types of leave other than vacation, requires accrual of salary related payments, and changes the disclosure requirements. The statement is effective for the City's year ending December 31, 2024. The City is currently evaluating the impact this statement will have on the financial statements

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK,
CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is of add-on type.

The actual bank balances at December 31, 2021 were as follows:

<u>Primary Government</u>	<u>Bank Balance</u>
Insured – FDIC	\$1,907,393
Uninsured, collateral jointly held by State's/City agent in the name of the State and the pledging financial institution in accordance with SDCL 4-6A-3	159,908,199
Total Deposits	\$161,815,592

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (Continued)

Investments – In general, SDCL 4-5-6 permits City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Investments are reported at fair value. Accordingly, changes in the market value of investments at year end are reflected as a component of earnings on investments.

Credit Risk – State law limits eligible investments for the City, as discussed above. In addition, the City has an investment policy that further limits its investment choices.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City's investment policy restricts the maximum holding per institution to 50% of the City's total pooled cash fund. As of December 31, 2021, none of the City's deposits in financial institutions were exposed to custodial credit risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The certificates of deposit, treasury notes, federal agency obligations, and government sponsored enterprises are measured as level 2 recurring fair value measurements according to the fair value hierarchy.

As of December 31, 2021, the City had the following investments:

Investment	Credit	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	1,942,942	1,009,367	829,268	104,308	
US Treasury Notes	N/A	14,556,479	1,421,936	13,134,543		
US Federal Agency Obligations:						
GNMA (Ginnie Mae) Pool	AAA	1,185,215			112,595	1,072,620
US Government Sponsored Enterprises:						
FFCB (Federal Farm Credit Banks) Notes	AAA	3,827,298		3,827,298		
FFCB (Federal Farm Credit Banks) Bonds	AAA	2,324,667	348,900	1,466,633		509,135
FNMA (Fannie Mae) Pool	AAA	6,583,683	1,078,621	3,391,214	673,276	1,440,572
FNMA Notes	AAA	4,858,026	902,104	3,697,158		258,764
FHLMC (Freddie Mac) Pool	AAA	4,900,327	157	3,854,540	129,968	915,662
FHLMC Notes	AAA	1,313,375	580,377	732,999		
FHLB Notes	AAA	1,052,952	299,442	753,509		
FHLB Bonds	AAA	1,193,233		1,193,233		
Total		43,738,197	5,640,902	32,880,394	1,020,147	4,196,754

Presented in the:

Statements of Net Position

\$43,738,197

Interest Rate Risk – Pursuant to the City's investment policy, portfolio duration must always remain within 1 to 5 years with individual securities required to have a maturity between 30-day Treasury Bills and final maturity of 30 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (Continued)

Custodial Credit Risk - Investments – The risk that, in the event of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy restricts the maximum holding per institution to 50% of the City's total pooled cash fund. All investments are held in the City's name with RBC Wealth Management, Edward Jones, Wells Fargo, and Black Hills Community Bank serving as custodians.

Concentration of Credit Risk – The City's investment policy limits the amount that may be invested in any one financial institution to 50%, with exclusion of US Treasury securities. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded in the assessment of concentration of credit risk.

As of December 31, 2021, more than 5 percent of the City's investments are in US Treasury Notes, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and Federal Farm Credit Bank Funding Corporation. The investments are 33.28%, 26.16%, 14.21%, 5.14% and 14.07%, respectively, of the City's total investments.

At December 31, 2021 the City had the following in the cash with fiscal agent accounts:

Investment	Credit	Total	Less than 1 Year
Money Market	N/A	2,366,909	2,366,909
US Treasury Obligations	AAA	33,339,028	33,339,028
Total		35,705,937	35,705,937

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from investments to the fund making the investment, except for interest generated by the Cemetery Perpetual Care Fund, which must be credited to the General Fund, and used only for maintenance of the municipal cemetery, as required by SDCL 9-32-18.

Restricted Cash/Investments:

Assets are restricted to use for the following specific purposes:

<u>Amount:</u>	<u>Purpose:</u>
\$39,720,303	Debt Service, by debt covenants
\$2,115,777	Amount Held for Others
\$4,385,000	Closure and Post-Closure Landfill Costs
\$125,723	Grant Expenditures
\$192,768	Library Board

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year; except for the Infrastructure Development Partnership Fund Notes Receivables totaling \$70,413 at December 31, 2021 that has a maximum repayment term of 10 years and the Life Safety Loan Receivable totaling \$249,350 at December 31, 2021 that has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit.

Business-Type Activities: Business Type Activities receivables are comprised of amounts owed to the City by City residents for services rendered such as water and sewer and interest income receivable.

Appropriate allowances for estimated uncollectible accounts have been established based on the City's knowledge of current environmental conditions and historical losses

Property Taxes

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year. The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. DUE FROM OTHER GOVERNMENTS

At December 31, 2021 the City's Due from Other Governments consisted of the following:

GOVERNMENTAL FUNDS:

General Fund

Transportation Planning	\$ 57,038
Local Government Highway/Bridge	164,077
Liquor Tax Reversion	136,654
Motor Vehicle	40,180
Urban Mass Transit Grant	355,961
Homeland Security Grants	148,620
Police Grants	130,177
Fire Grants	118,418
Wildland Fire	165,050
Air Quality Grant	11,787
Historic Preservation	2,671
Local Counties/Agencies	32,202
Total General Fund	1,362,835

Community Development - CDBG	23,488
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TOTAL GOVERNMENTAL FUNDS	\$ 1,386,323
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ENTERPRISE FUNDS:

Airport Fund

Airport Improvement Projects	\$ 1,570,626
Coronavirus Emergency Funding	29,516
TSA Building Services	4,531
Total Airport Fund	1,604,673

Water Fund

Bureau of Reclamation	7,188
Total Water Fund	7,188

Civic Center Fund

Facility Rental - Pennington County	4,912
Facility Rental - Tribal	26,175
Total Civic Center Fund	31,087

Nonmajor Proprietary Funds

Solid Waste - SD DENR	300,298
Energy Plant - Rapid City Area Schools	21,301
Total Nonmajor Proprietary Funds	321,599

TOTAL ENTERPRISE FUNDS	1,964,547
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TOTAL ALL FUNDS	\$ 3,350,870
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CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 49,182,217	\$ 218,249	\$ -	\$ (901,475)	\$ 48,498,991
Construction in Progress	6,141,958	75,694,221	(76,404,557)	-	5,431,622
Total capital assets not being depreciated	55,324,175	75,912,470	(76,404,557)	(901,475)	53,930,613
Capital Assets being depreciated:					
Buildings	100,954,586	377,986	1,887,653	(511,773)	102,708,452
Improvements Other than Buildings	377,469,904	5,907,617	11,446,321	-	394,823,842
Machinery and Equipment	40,525,086	2,289,903	(691,911)	(4,366,653)	37,756,425
Total capital assets being depreciated	518,949,576	8,575,506	12,642,063	(4,878,426)	535,288,719
Less accumulated depreciation for:					
Buildings	(28,918,986)	(2,230,674)	-	-	(31,149,660)
Improvements Other than Buildings	(219,071,987)	(12,575,801)	-	-	(231,647,788)
Machinery and Equipment	(29,108,770)	(1,860,157)	-	4,019,918	(26,949,009)
Total accumulated depreciation	(277,099,743)	(16,666,632)	-	4,019,918	(289,746,457)
Total capital assets being depreciated, net	241,849,833	(8,091,126)	12,642,063	(858,508)	245,542,262
Governmental activities capital assets, net	\$ 297,174,008	\$ 67,821,344	\$ (63,762,494)	\$(1,759,983)	\$ 299,472,875

Depreciation expense was charged to functions within governmental funds as follows:

Total General Government	\$ 1,338,019
Total Public Safety	868,284
Total Health and Welfare	203,444
Total Public Works	11,720,628
Total Culture and Recreation	2,520,095
Total Conservation & Development	16,162
Total Governmental depreciation expense	\$ 16,666,632

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)

Capital asset activity in business-type funds for the fiscal year ended December 31, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital Assets not being depreciated:					
Land	\$ 18,129,833	\$ 1,433,326	\$ -	\$ -	\$ 19,563,159
Construction in Progress	72,467,703	17,405,203	(75,975,218)	-	13,897,688
Total capital assets not being depreciated	90,597,536	18,838,529	(75,975,218)	-	33,460,847
Capital Assets being depreciated:					
Buildings	193,244,272	508,519	127,721,502	-	321,474,293
Improvements Other than Buildings	565,388,286	9,304,391	11,492,241	-	586,184,918
Machinery and Equipment	40,586,865	2,251,784	523,969	(4,444,937)	38,917,681
Total capital assets being depreciated	799,219,423	12,064,694	139,737,712	(4,444,937)	946,576,892
Less accumulated depreciation for:					
Buildings	(78,174,527)	(3,739,610)	-	-	(81,914,137)
Improvements Other than Buildings	(184,313,597)	(13,954,121)	-	-	(198,267,718)
Machinery and Equipment	(24,551,077)	(2,251,149)	-	4,000,444	(22,801,782)
Total accumulated depreciation	(287,039,201)	(19,944,880)	-	4,000,444	(302,983,637)
Total capital assets being depreciated, net	512,180,222	(7,880,186)	139,737,712	(444,493)	643,593,255
Business-type activities capital assets, net	\$ 602,777,758	\$ 10,958,343	\$ 63,762,494	\$ (444,493)	\$ 677,054,102

Depreciation expense was charged to business-type funds as follows:

Total Water Enterprise	\$ 5,325,388
Total Airport Enterprise	3,324,165
Total Wastewater Enterprise	4,343,057
Total Civic Center Enterprise	1,905,356
Total Solid Waste Disposal Enterprise	1,615,157
Total Storm Water Utility Enterprise	2,388,105
Total Solid Waste Collection Enterprise	387,898
Total Transportation Terminal Enterprise	105,431
Total Golf Course Enterprise	238,476
Total Parking Lot Area Enterprise	131,460
Total Ambulance Enterprise	64,088
Total Executive Golf Enterprise	50,175
Total Energy Plant Enterprise	66,124
Total Enterprise depreciation expense	\$ 19,944,880

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. CONSTRUCTION COMMITMENTS

The City had construction in progress of approximately \$19.3 million as of December 31, 2021. Individual project commitments of over \$100,000 were as follows:

Project Number	Project Description	Total Costs		
		As of 12/31/2021	Total Contract	Remaining
18-2480	Elk Vale Lift Station	\$ 3,877,585	\$ 7,960,215	\$ 4,082,630
19-2487	St Cloud Reconstruction	181,833	4,330,617	4,148,784
20-2605	MIP General Civil Project	2,233,477	2,443,430	209,953
18-2430	Parrine Unnamed Drainage	92,183	1,124,574	1,032,391
20-2539	Johnson Ranch Regional Dr	683,685	861,586	177,901
19-2488	Omaha LaCrosse Street	29,691	833,488	803,797
12-2075	Trenchless Sanitary SE	26,665	759,722	733,057
19-2540	Misc Capital Projects	335,425	697,342	361,917
20-2629	WRF Aeration Basin	185,646	596,964	411,318
19-2538	South Street Sewer Extention	184,217	592,873	408,656
21-2640	Well 6 Pump	280,458	545,025	264,567
20-2632	IGT Subdivision Water	269,049	435,843	166,794
20-2601	Knollwood Drainage	4,950	291,267	286,317
20-2670	Signal Drive Kellogg Place	40,467	267,260	226,793
20-2630	Dyess Ave Recon - Segar	159,159	260,030	100,871
21-2643	Springbrook Acres	77,828	190,417	112,589
20-2628	Racetrack Draw Drainage	23,552	189,545	165,993
	Remainder	10,643,440	11,032,545	389,105
		\$ 19,329,310	\$ 33,412,743	\$ 14,083,433

Funding for these projects is provided from dedicated sales tax funds (Capital Improvement & Vision Fund), grants and charges for services. There are many projects that are included in Construction in Progress line item in Note 5 but are not included in this note because they have either been substantially completed but not put into service or they are only in the design stage with no commitment for further construction.

NOTE 7. LONG-TERM LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of December 31, 2021, the governmental long-term debt of the financial reporting entity consisted of the following:

Revenue Bonds

\$102,370,000 Sales Tax Revenue Bonds, Series 2021 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in annual principal installments of \$1,640,000 to \$5,985,000 through December 2046. Interest at .298 to 2.910 percent.

\$101,100,000

\$10,630,000 Sales Tax Revenue Bonds, Series 2020 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in annual principal installments of \$1,015,000 to \$1,335,000 through December 2028. Interest at .45 to 1.50 percent.

9,295,000

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES
Governmental-Type Activities (Continued)

\$11,025,000 Sales Tax Revenue Bonds, Series 2018 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in principal installments of \$930,000 to \$1,105,000 through December 2048. Interest at 5.00 percent. 10,165,000

Unamortized deferred premium 774,743

Total Revenue Bonds \$121,334,743

Compensated Absences:

Accrued Leave Payable Government Funds \$2,112,110

Financing (Capital Acquisition) Leases

\$4,772,000 sublease dated September 6, 2011 with Pennington County, South Dakota for 44%, 61% and 10% interest in Public Safety Building, Evidence Lab and Parking Ramp, respectively. Due in annual installments of \$290,058 including interest of 4.11 percent. The final payment is due December 1, 2040. The lease is serviced by the Capital Improvements & Vision Fund. \$3,774,140

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the shorter of the estimated useful life of the asset, or the lease term (where title never transfers), as appropriate.

Total cost and accumulated depreciation for all capital leases utilized in the governmental activities is as follows:

Gross amount of assets recorded under capital leases	\$4,772,000
Accumulated depreciation – Public Safety	<u>(1,276,114)</u>
Net assets recorded under capital leases	<u>\$3,495,886</u>

Notes Payable

Note payable to Black Hills Community Bank dated April 16, 2019 to finance the purchase of maintenance equipment for Parks department. Maximum loan amount of \$145,000. Due in monthly installments of \$2,668, including interest at 3.90 percent. The final payment is due in April 2024. The loan is serviced by the General Fund.

70,875

Pledged Revenue – 2021 Sales Tax Bonds

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2021 principal and interest payments were \$1,270,000 and \$1,065,803, respectively. Sales tax revenue of \$36,267,982 was pledged against debt service requirements

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES
Governmental-Type Activities (Continued)

Pledged Revenue – 2020 Sales Tax Refunding Bonds

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2021 principal and interest payments were \$1,335,000 and \$120,701, respectively. Sales tax revenue of \$36,267,982 was pledged against debt service requirements

Pledged Revenue – 2018 Sales Tax Bonds

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2021 principal and interest payments were \$1,750,000 and \$6,240,222, respectively. Sales tax revenue of \$36,267,982 was pledged against debt service requirements

Tax Increment Financing District (TID) Liabilities

Tax increment financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. In some instances, the City pledges future tax revenues generated by the tax increment district to acquire public improvements within the established Tax Increment District which were constructed by a private developer.

The City has pledged all or some portion of future tax revenues to acquire public improvements within the established Tax Increment District which were constructed by a private developer. These transactions are accounted for as a collateralized borrowing, whereby the City recognizes a liability and capital assets equal to the amount of the public improvements being acquired. The City also uses some tax increment districts to fund improvements in which the City has obtained financing or has used reserves to fund all or some of the improvements, in which case the City follows its general policies outlined in Note 1.

In cases where the City purchases public improvements from private developers, the City agrees to deposit all positive tax increments received for that district in a special fund. Once the developer has completed the agreed upon improvements and has certified to the City the total costs of the improvements, as well as providing reasonable documentation regarding those costs, the City accepts and records the public improvement along with the related liability for the acquired assets. The City then begins making payment to the developer based on the amount of positive tax increments received.

It is a specific condition of the developer's agreement and a condition of the City's obligation that all sums payable shall be limited to the proceeds of the positive tax increment. It is also specifically agreed that the City has made no representation that the proceeds from such funds shall be sufficient to retire the indebtedness incurred by the developer to construct the public improvements.

At December 31, 2021, there were 10 active tax increment financing districts in which costs had been certified in part or in whole. The current principal balances shown below plus interest at the stated applicable rate over the life of the note represent the amount of future property taxes pledged to fund improvements related to these tax increment districts that have been certified as of December 31, 2021. The maximum payoff amounts represent the amount of future tax revenues that were pledged at the time of certification. Future property taxes generated over a 20-year period are projected to produce 100% of the debt service requirements presented below with the exception of TID 52 which will not generate sufficient property tax revenue to meet outstanding debt balance within allotted time.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)
Governmental-Type Activities (Continued)

Tax Increment Financing District (TID) Liabilities (Continued)

During the year ended December 31, 2021, principal and interest expenditures and property tax revenues were \$9,165,758 and \$8,179,793 respectively. These amounts include property tax revenues and principal and interest expenditures related to improvements within tax increment districts funded with City debt or reserves. Each of the individual debt issues listed below have their own debt service fund from which the debt is serviced.

TID 39 – E Rapid Plaza – Created in 2003, maximum payoff \$3,621,662 including interest at 8.25 percent, expires 4/21/2023.	222,217
TID 47 – Tower Road – Created in 2004, maximum payoff \$4,894,289 including interest at 7.5 percent, expires 10/4/2024.	1,309,418
TID 50 – Federal Beef – Created in 2004, maximum payoff \$17,545,369 including interest at 9.0 percent, expires 11/07/2025.	280,281
TID 52 – E. St Charles – Created in 2005, maximum payoff \$1,250,107 including interest at 5.85 percent, expires 5/2/2025.	340,230
TID 56 – Rushmore Crossing – Created in 2005, maximum payoff \$20,399,907 including interest at 6.75 percent, expires 11/11/2025.	1,135,573
TID 65 – Minnesota Street – Created in 2007, maximum payoff \$33,956,177 including interest at 4.95 percent, expires 9/4/2027.	1,846,667
TID 70 – Highway 16 Sanitary Sewer – Created in 2008, maximum payoff \$3,231,465 including interest at 6.00 percent, expires 9/5/2028.	975,934
TID 72 – East Saint Joseph Street – Created in 2012, maximum payoff \$4,095,341 including interest at 5.9 percent, expires 2/21/2032.	1,977,756
TID 77 – Rushmore Gateway Corridor – Created in 2016, maximum payoff \$6,067,965 including interest at 5.5 percent, expires 4/4/2036.	4,317,013
TID 78 – Unnamed Tributary – Created in 2016, maximum payoff \$2,860,643 including interest at 5.5 percent, expires 10/3/2036.	333,689
Total Tax Increment District Liabilities	<u>\$12,738,778</u>
Total Liabilities Payable	<u>\$140,030,646</u>

Advanced Refunding

On August 31, 2021, the City issued \$102,370,000 of Sales Tax Revenue Refunding Bonds, Series 2021 with an average interest rate of 2.50 percent to advance refund \$85,485,000 of outstanding Sales Tax Revenue Refunding Bonds, Series 2018 with an average interest rate of 4.17 percent. Net proceeds of \$101,881,877.50 (after payment of \$155,420 in issuance costs and recognition of underwriter's discount of \$332,702.50) were used to purchase federal securities which were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the Sales Tax Revenue Refunding Bonds, Series 2018. As a result, the Sales Tax Revenue Refunding Bonds, Series 2018 are considered to be defeased and the liability has been removed from the governmental-type activities column of the statement of net assets. The City refunded the bonds to reduce its total debt service payments of the next 24 years by \$11,851,641. An economic gain of \$5,303,332 (difference between the present value of old debt service and present value of new debt service, discounted at the effective interest rate on the new debt and adjusted for any additional cash) resulted from the refunding.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)
Governmental-Type Activities (Continued)

The annual requirements for maturity for governmental activities long-term debt (excluding compensated absences and other post-employment benefits) outstanding as of December 31, 2021, are as follows:

TOTAL GOVERNMENTAL FUNDS

Year Ending December 31	Revenue Bonds and Notes/Contract Payable		Capital Lease Obligations		TID Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,959,428	\$ 2,815,047	\$ 134,912	\$ 155,147	\$ 4,950,047	\$ 529,665
2023	5,065,625	2,708,511	140,458	149,600	1,682,544	313,683
2024	5,159,902	2,594,378	146,232	143,826	795,472	1,128,518
2025	5,274,704	2,470,060	152,243	137,815	924,197	278,583
2026	5,409,696	2,334,158	158,503	131,556	654,675	235,447
2027-2031	23,140,250	10,381,184	895,779	554,513	2,313,095	693,428
2032-2036	22,630,250	8,414,624	1,095,680	354,612	1,418,748	36,378
2037-2041	25,410,250	5,634,648	1,050,333	110,101	-	-
2042-2046	24,300,250	1,882,186	-	-	-	-
2047-2051	55,263	-	-	-	-	-
TOTALS	\$ 121,405,618	\$ 39,234,796	\$ 3,774,140	\$ 1,737,170	\$ 12,738,778	\$ 3,215,702

The above noted annual requirements for maturity for the tax increment financing debt are based on actual tax increment revenues received in 2021; estimated tax increment revenues projected by Pennington County to receive in 2022; and estimated tax increment revenues as per the approved project plans.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

Government Activities:

	Liabilities Payable 1/1/2021	Issued	Retired	Liabilities Payable 12/31/2021	Due Within One Year
Leases	\$ 3,903,725	\$ -	\$ (129,585)	\$ 3,774,140	\$ 134,912
Revenue Bonds	110,512,087	102,702,703	(91,880,047)	121,334,743	4,929,696
Loans/Contracts Payable	668,898	-	(598,023)	70,875	29,732
Compensated Absence	1,932,044	1,677,430	(1,497,364)	2,112,110	120,000
TID	17,883,848	1,782,287	(6,927,357)	12,738,778	4,950,047
Total	\$ 134,900,602	\$ 106,162,420	\$ (101,032,376)	\$ 140,030,646	\$ 10,164,387

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities:

As indicated below within the description for each debt issue, the City has pledged future revenues associated with various debt agreements. All debt secured by pledged revenues funded capital projects and improvements, or was used to refinance the debt that originally funded the capital projects and improvements, within the specific funds that pledged the future revenues. The current principal balance plus interest at the stated applicable rate over the life of the debt represents the amount of future debt requirements over the maturity dates listed below for each debt issue.

The City has pledged the amount of the future debt service requirements on the issues or 100% of the fee revenues generated by the Water Fund, Wastewater Fund and Airport Fund whichever is greater, or specific revenues based on debt documents for the retirement of the debt issues associated with those funds as indicated below. Below is a comparison, by Fund, of principal and interest payments and total pledged revenues for the current year.

	Water Fund	Wastewater Fund	Airport Fund	Civic Center Fund*
2021 Principal and Interest	\$4,184,318	\$1,660,936	\$651,790	\$286,790
Pledged Revenue	\$24,595,143	\$13,513,554	\$9,161,071	\$2,289,021

* (Gross Receipts Revenue)

As of December 31, 2021, the long-term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

\$46,030,000 Water Revenue Bonds of 2015. Interest only payments of \$901,603 through May 2020. Due in annual installments of \$1,565,000 to \$3,250,000 from November 2020 through November 2039. Interest at 3.625 to 5.0 percent. (This issue is being serviced by pledged Water Enterprise Fund revenues.)	42,825,000
\$5,000,000 Loan No. 6 from State Revolving Fund of 2011. Due in quarterly installments of \$45,660 to \$83,020 through 2031. Interest at 3.0 percent. (This issue is to be serviced by pledged Wastewater Fund revenues).	2,913,638
\$2,340,000 Gross Receipts Revenue Bonds of 2021. Due in annual installments of \$320,000 to \$350,000 through 2028. Interest payments at 1.39 percent. (This issue is to be financed by the Civic Center Fund).	2,340,000
\$10,605,000 Wastewater Refunding Bonds of 2011. Due in annual installments of \$1,037,825 to \$1,925,033 through 2022. Interest at 2.05 to 3.70 percent. (This issue is to be serviced by pledged Wastewater Fund revenue).	1,865,000

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)
Business-Type Activities (Continued)

\$8,025,000, Wastewater Refunding Bonds of 2021. Due in annual installments of \$335,000 to \$495,000 through 2040. Interest at 2.00 to 3.00 percent. (This issue is to be serviced by pledged Wastewater Fund revenue and monthly surcharge). 7,885,000

\$8,180,000 Airport PFC Revenue Refunding Bonds of 2019. Due in annual installments of \$355,000 to \$690,000 through 2035. Interest at 4.00 to 5.00 percent. (This issue is to be serviced by pledged Airport Passenger Facility Charge revenue). 7,460,000

\$6,000,000 Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of \$100,997 through 2031. Interest at 3.0 percent. (This issue is to being serviced by pledged Water Enterprise Fund revenues). 3,649,078

\$1,626,000 Drinking Water Loan SRF 3 of 2017. Due in quarterly installments of \$27,649 through November 2039. Initial loan amount was \$4,626,000 of which \$3,000,000 was forgiven by issuer. (This issue is to being serviced by pledged Water Enterprise Fund revenues) Interest at 3.0 percent. 1,101,260

Plus, net unamortized discounts/premiums on bonds 3,723,496

Total Revenue Bonds 73,762,472

Compensated Absences:

Accrued Leave payable from Water Fund	221,217
Accrued Leave payable from Wastewater Fund	149,735
Accrued Leave payable from Airport Fund	85,426
Accrued Leave payable from Civic Center Fund	253,056
Accrued Leave payable from Non-major Enterprise Funds	269,697
	<u>\$979,131</u>

Financing (Capital Acquisition) Loans

\$145,000 under an agreement with Black Hills Community Bank, dated September 22, 2020 for equipment at Executive Golf Course which is security for the Loan. Due in monthly installments of \$2,671, including interest at 3.95 percent. The final payment is due September 22, 2025. The loan is serviced by the Executive Golf Course Fund. 111,416

Accrued Landfill Closure (Note 14) 4,385,000

Total Liabilities Payable 79,238,019

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)
Business-Type Activities (Continued)

The annual requirements for maturity for business-type activities long-term debt (excluding compensated absences, other post-employment benefits and accrued landfill closure) outstanding as of December 31, 2021, are as follows:

TOTAL BUSINESS TYPE ACTIVITIES

Year Ending December 31	Revenue Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2022	\$ 5,470,731	\$ 2,512,383	\$ 28,099	\$ 3,949
2023	3,690,175	2,423,120	29,245	2,803
2024	3,815,211	2,240,332	30,432	1,616
2025	3,930,853	2,111,168	23,640	395
2026	4,047,121	1,995,826	-	-
2027-2031	21,477,910	8,090,486	-	-
2032-2036	19,659,335	3,998,525	-	-
2037-2041	11,671,136	800,324	-	-
TOTALS	\$ 73,762,472	\$ 24,172,164	\$ 111,416	\$ 8,763

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	Liabilities Payable			Liabilities Payable		Due Within
	1/1/2021	Issued	Retired	12/31/2021	One Year	
Leases/Loans	\$ 138,204	\$ -	\$ (26,788)	\$ 111,416	\$ 28,099	
Closure/Post-Closure (Note 14)	4,150,000	235,000	-	4,385,000	-	
Revenue Bonds	69,896,366	10,613,823	(6,747,717)	73,762,472	5,470,731	
Compensated Absence	782,096	230,356	(33,321)	979,131	51,500	
Total	\$ 74,966,666	\$ 11,079,179	\$ (6,807,826)	\$ 79,238,019	\$ 5,550,330	

Refunding

On March 5, 2021 City authorized the issuance \$2,340,000 in Gross Receipts Revenue Refunding Bonds, Series 2021, with an interest rate of 3.10 percent. These bonds were issued to refund \$2,585,000 of outstanding Gross Receipts Revenue Bonds, Series 2014 which were called on April 20, 2021. The refunded bonds had an interest rate of 3.10 percent. Because the refunded bonds have been considered defeased in substance, the liability for those bonds has been removed from the City's financial statements. The City refunded the bonds to reduce its total debt service payments over the next 8 years by \$113,458. An economic gain of \$104,631 (difference between the present value of old debt service and present value of new debt service, discounted at the effective interest rate on the new debt and adjusted for any additional cash) resulted from the refunding transaction.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivable and payable balances at December 31, 2021 were:

	Interfund Receivable	Interfund Payable
General Fund:	\$2,700,330	\$ --
Special Revenue Funds:		
Capital Improvements & Vision Fund	220,278	
TID 39 Fund		1,159,358
TID 64 Fund		1,824,423
Total Governmental Funds	<u>\$2,920,608</u>	<u>\$2,983,781</u>
Enterprise Funds:		
Wastewater Fund	\$1,824,423	\$ --
Civic Center		1,056,250
Golf Course Fund		150,000
Ambulance		150,000
Energy Plant Fund		225,000
Transportation Terminal Fund		180,000
Total Enterprise Funds	<u>\$1,824,423</u>	<u>\$1,761,250</u>

The General Fund loaned monies to Civic Center for Monument capital improvements. The current portion expected to be repaid to the General Fund is \$113,307.

The General Fund loaned monies to Golf Course Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$150,000.

The General Fund loaned monies to Transportation Terminal Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$180,000.

The General Fund loaned monies to Energy Plant Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$225,000.

The General Fund loaned monies to Ambulance Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$150,000.

The General Fund loaned monies to Tax Increment District 39 Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is \$3,928.

The Capital Improvements & Vision Fund loaned monies to Tax Increment District 39 Fund to construct water mains. The current portion expected to be repaid to the Capital Improvements & Vision Fund is \$921.

The Wastewater Fund has pending reimbursement of tax proceeds from Tax Increment District 64. The current portion will depend upon tax proceeds collected.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES (Continued)

Interfund transfers during the year ended December 31, 2021 were as follows:

	Transfers In	Transfers Out
GOVERNMENTAL FUNDS:		
General Fund		
Capital Improvements and Vision Fund	100,000	20,815,697
Water	46,773	22,162
Wastewater	58,112	16,479
Civic Center	60,651	19,321
Airport	-	10,797
Nonmajor Governmental	-	4,050
Nonmajor Enterprise	54,295	135,464
Total General Fund	319,831	21,023,970
Capital Improvements and Vision Fund		
General Fund	20,815,697	100,000
Total Capital Improvements and Vision Fund	20,815,697	100,000
Nonmajor Governmental	4,050	-
TOTAL GOVERNMENTAL FUNDS	\$ 21,139,578	\$ 21,123,970
ENTERPRISE FUNDS:		
Water Fund		
General	\$ 22,162	\$ 46,773
Total Water Fund	22,162	46,773
Wastewater Fund		
General	16,479	58,112
Total Wastewater Fund	16,479	58,112
Airport Fund		
General	10,797	-
Total Airport Fund	10,797	-
Civic Center Fund		
General Fund	19,321	60,651
Total Civic Center Fund	19,321	60,651
Nonmajor Enterprise		
General Fund	135,464	54,295
	135,464	54,295
TOTAL ENTERPRISE FUNDS	204,223	219,831
TOTAL TRANSFERS	\$ 21,343,801	\$ 21,343,801

Transfers are used when surplus resources are available in one fund, and are needed in another fund to support essential functions of government, when the governing body so authorizes.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general employees, Class B public safety and judicial members and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution.

The City's share of contributions to the SDRS for the fiscal years ended December 31, 2021, 2020, and 2019 were \$3,282,850, \$3,125,208 and \$3,076,469 respectively, equal to the required contributions each year.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources to Pensions:

At June 30, 2021, SDRS is 105.5% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2021 and reported by the City as of December 31, 2021 are as follows:

Proportionate share of total pension liability	\$ 318,670,264
Less: Proportionate share of net position restricted for pension benefits	<u>336,305,996</u>
Proportionate share of net pension asset	<u>\$ (17,635,732)</u>

At December 31, 2021, the City reported a pension asset of \$17,635,732 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the City's proportion was 2.29815200%, which is a decrease of .000402155% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized a reduction in pension expense of \$1,411,462. At December 31, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows/(Inflows) Of Resources
Difference between expected and actual experience.	\$ 585,740
Changes in assumption.	11,425,937
Net Difference between projected and actual earnings on pension plan investments.	(25,141,825)
Changes in proportion and difference between City contributions and proportionate share of contributions.	57,225
City contributions subsequent to the measurement date.	1,698,607
TOTAL	<u><u>\$ (11,374,316)</u></u>

The City's contributions subsequent to the measurement of \$1,698,607 will be reported as deferred outflows of resources related to pensions and recognized as a reduction to the net pension asset in the fiscal year ending December 31, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in a reduction of pension expense as follows:

Year Ended December 31:	
2022	\$(3,219,926)
2023	(2,175,971)
2024	(607,729)
2025	<u>(7,069,297)</u>
TOTAL	<u><u>\$(13,072,923)</u></u>

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions:

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent after 25 years of service.
Discount rate	6.50% net of pension plan investment expense
Future COLAs	2.25%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	.9%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension asset was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
City's proportionate share of the net pension liability(asset)	\$28,498,634	\$(17,635,732)	\$(55,021,200)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description and Administration:

The City of Rapid City Healthcare Benefit Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan does not issue separately stated standalone financial statements.

Benefits Provided:

The Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Laws 6-1-16 and 9-14-35.

Class A Members: Employees who retire on or after age 55 with 5 years of service are eligible to continue coverage in the City's plan. For employees who retired under the Rule-of-85 provisions of the South Dakota Retirement System and who have 20 years of service with the City at retirement, the City will pay 100% of subscriber premium until the retiree reaches Medicare eligibility age. For employees who have less than 20 years of service with the City at retirement or did not retire under the Rule-of-85 provisions, the retiree must pay 100% of the subscriber premium until the retiree reaches Medicare eligibility age at which point the retiree is no longer eligible for to participate in the plan. Spouses of eligible retirees are eligible to elect coverage. Retirees pay 100% of the premium for spousal coverage. Upon death of the retiree, surviving spouses of eligible retirees may continue coverage by paying 100% of the premium.

Class B Public Safety: Employees who retire on or after age 45 with 5 years of service are eligible to continue coverage in the City's plan. For employees who retired under the Rule-of-75 provisions of the South Dakota Retirement System and who have 20 years of service with the City at retirement, the City will pay 100% of subscriber premium until the retiree reaches Medicare eligibility age. For employees who have less than 20 years of service with the City at retirement or did not retire under the Rule-of-75 provisions, the retiree must pay 100% of the subscriber premium until the retiree reaches Medicare eligibility age at which point the retiree is no longer eligible for to participate in the plan. Spouses of eligible retirees are eligible to elect coverage. Retirees pay 100% of the premium for spousal coverage. Upon death of the retiree, surviving spouses of eligible retirees may continue coverage by paying 100% of the premium.

Plan Membership:

The health plan is a self-insured PPO providing benefits to eligible participants. Currently, there are 785 active participants and 109 retirees who are participating in the plan.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Total OPEB Liability:

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. Changes in total OPEB liability are as follows:

	Increase Total OPEB Liability
Balance at December 31, 2020	\$ 22,107,171
Changes for the Year:	
Service Cost	967,723
Interest on the total OPEB liability	577,077
Effect of assumption changes or inputs	1,133,800
Benefit Payments	<u>(1,525,138)</u>
Net Change in Total Pension Liability	<u>1,153,462</u>
Balance at December 31, 2021	<u><u>\$ 23,260,633</u></u>

Actuarial Methods and Assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.0 percent
Salary increases	6.50 percent for initial year of service decreasing to 3.00 percent for years of service over 25.
Healthcare cost trend rates	(2.20) percent for 2020, 6.10 percent for 2021, decreasing .05 percent per year to an ultimate rate of 3.70 percent for 2074.
Retirees' share of Benefit-related costs	45 percent of projected health insurance premiums for retirees
Discount Rate	2.12 percent, 20-year tax exempt municipal bond rate as of December 31, 2020 based on 20-year Bond Buyer Go Index.

Mortality rates were based on 97% of RP-2014 Mortality Table, White Collar table for females, total data set for males, adjusted to 2006 and projected generationally with MP-2020.

Sensitivity Analysis:

The following represents the City's total OPEB liability, calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate:

	1.12%	Discount Rate	3.12%
Total OPEB Liability	\$ 25,251,478	\$ 23,260,633	\$ 21,468,105

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

The following represents the City's total OPEB liability, calculated using the current healthcare cost trend rates as well as the City's total OPEB liability using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	Healthcare Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Total OPEB Liability	\$ 20,825,850	\$ 23,260,633	\$ 26,157,228

For the year ended December 31, 2021, the City recognized total OPEB expense of \$2,002,823. At December 31, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference Between Expected and Actual Experience/changes in assumptions (net)	\$ 2,417,093
Contributions subsequent to measurement date	2,027,860
Total	\$ 4,444,953

The City's contribution subsequent to the measurement date of \$2,027,860 will be recognized as OPEB expense for the year ending December 31, 2022

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2022	\$ 458,023
2023	458,023
2024	450,247
2025	493,910
2026	444,530
Thereafter	112,360
Total	\$ 2,417,093

NOTE 11. DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL NONMAJOR FUNDS:

As of December 31, 2021, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown: TID 39 (\$1,146,203) and TID 64 (\$1,822,899), which will be funded through property tax revenues received on the respective tax increment district.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carried commercial insurance for insurable risks of loss except for employee health insurance, liability insurance, worker's compensation and unemployment benefits. The City has established self-insurance internal service funds to pay for medical, worker's compensation and unemployment compensation claims of City employees and their covered dependents as well as the deductible portion of liability claims.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (Continued)

Payments to the self-insurance funds are actuarially determined and are to cover individual claims up to \$100,000 for health insurance, \$900,000 for workers' compensation, and any administrative costs relative to the processing of the claims. Maximum payment for liability claim is \$100,000.

The claims exceeding this amount are covered through private insurance carriers (up to \$5,000,000 per claim for liability claims). An estimated liability for claims incurred but not paid is accrued based upon confirmation from the City's third-party administrators for claims received within 60 days of year-end, and are reported as accounts payable. The City is a reimbursable employer for purposes of unemployment insurance.

The City has a reserve equity in the workers compensation fund of \$1,086,213 and reserve equity in the medical insurance fund of \$1,904,951, in the liability insurance fund of \$345,948 for the payment of such future claims. The unemployment insurance fund has a fund deficit of (\$83,104) primarily as a result of the number of claims filed as a result of COVID-19. The City fully expects this to correct itself in upcoming years.

Changes in the aggregate liabilities of the self-insurance funds during 2020 were as follows:

	Liability Insurance	Workers Comp. Insurance	Medical Insurance	Unemployment Insurance
Benefit Claims Payable at January 1, 2020	\$225,000	\$2,942,346	\$627,349	\$10,540
Claims Incurred: Attributable to Insured Events of the Current Year	483,408	802,534	10,874,713	271,524
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(433,227)	(643,255)	(10,874,713)	(273,585)
Benefit Claims Payable December 31, 2020	\$275,181	\$3,101,625	\$627,349	\$8,479

Changes in the aggregate liabilities of the self-insurance funds during 2021 were as follows:

	Liability Insurance	Workers Comp. Insurance	Medical Insurance	Unemployment Insurance
Benefit Claims Payable at January 1, 2021	\$275,181	\$3,101,625	\$627,349	\$8,479
Claims Incurred: Attributable to Insured Events of the Current Year	385,525	589,034	11,112,416	5,870
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(235,310)	(528,561)	(11,152,912)	(14,349)
Benefit Claims Payable December 31, 2021	\$425,396	\$3,162,098	\$586,853	\$-0-

NOTE 13. CONTINGENT LIABILITIES

The City has been named as defendant in several lawsuits that have been referred to the City's insurance carriers. The City and its attorneys believe that any liability to the City would not be material, and that loss, if any, could be covered by insurance or would be substantially covered by the City's reserve for uninsured claims. The deductible is \$100,000 for general and auto liability and professional liability, and \$50,000 for building and property damage.

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14. LANDFILL

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,350,000 reported as landfill closure and postclosure care liability at December 31, 2021 represents the cumulative amount reported to date based on 63% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2.58 million as the remaining estimated capacity is filled.

These costs are based on a 1.025% yearly inflation index. The City expects to close the landfill in the year 2038. The City does not record a remediation liability as management feels insurance coverage is adequate.

However, the recycling plant, in addition to the department's yard waste and proposed composting facility, are expected to extend the life. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City meets these compliance requirements and at December 31, 2021, cash and investments of \$4,385,000 (Note 2) are held for these purposes. These contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise statement of net position. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

NOTE 15. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under SDCL 11-9. Under these agreements, the City may grant property tax abatements of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the year ended December 31, 2021, the City abated property taxes totaling \$1,683,441 under this program, for the following tax abatement agreements:

TID 64 - Cabela's – A 46.6% property tax abatement to Cabela's in the form of economic development and land for opening a store in an undeveloped area of the city. The abatement amounted to \$1,631,453.

TID 72 – Saint Joseph Street Student Housing – A 44.3% property tax abatement to a local developer for the purchase of land, demolition/cleanup and reconstruction costs associated with the development of a student apartment complex. The abatement amounted to \$ 51,988.

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
311 General Property Taxes	\$ 19,541,726	\$ 19,541,726	\$ 20,454,197	\$ 912,471
313 General Sales and Use Taxes	29,328,861	29,328,861	36,269,083	6,940,222
314 Gross Receipts Business Taxes	783,067	783,067	649,783	(133,284)
320 Licenses and Permits	2,235,500	2,235,500	3,521,101	1,285,601
330 Intergovernmental Revenue:				
331 Federal Grants	2,895,271	4,018,468	2,592,930	(1,425,538)
331.01 CARES ACT Funds (COVID)	1,785,218	1,785,218	2,094,275	309,057
334 State Grants	100,000	100,000	6,884	(93,116)
335 State Shared Revenue:				
335.01 Bank Franchise Tax	166,250	166,250	244,242	77,992
335.03 Liquor Tax Reversion	408,500	408,500	507,765	99,265
335.04 Motor Vehicle Licenses (5%)	760,000	760,000	140	(759,860)
335.06 Fire Insurance Reversion	237,500	237,500	313,252	75,752
335.08 Local Government Highway and Bridge Fund	800,000	800,000	792,859	(7,141)
338 County Shared Revenue:				
338.01 County Road Tax (25%)	650,000	650,000	644,390	(5,610)
340 Charges for Goods and Services:				
341 General Government	409,400	409,400	153,129	(256,271)
342 Public Safety	808,828	808,828	2,039,834	1,231,006
343 Public Works	170,000	170,000	36,417	(133,583)
345 Health & Welfare	387,978	387,978	214,012	(173,966)
346 Culture and Recreation	1,374,540	1,374,540	2,017,178	642,638
348 Cemetery	209,880	209,880	278,587	68,707
349 Conservation & Development	30,000	30,000	-	(30,000)
350 Fines and Forfeits:				
351 Court Fines and Costs	7,500	7,500	1,958	(5,542)
360 Miscellaneous Revenue:				
361 Interest Earnings	150,000	150,000	147,911	(2,089)
362 Rentals	127,500	127,500	224,367	96,867
367 Contributions and Donations	-	-	19,000	19,000
369 Other	375,000	375,000	264,219	(110,781)
Total Revenue	63,742,519	64,865,716	73,487,513	8,621,797
Expenditures:				
410 General Government:				
412 Executive-Mayor & Council	812,737	814,502	747,645	66,857
414 Financial - Human Resources	501,660	559,365	482,515	76,850
414 Financial - Information Technology	852,160	1,134,176	845,147	289,029
414 Financial - Finance	677,575	683,293	575,478	107,815
414 Financial - Attorney	494,368	500,427	384,826	115,601
419 Other - Government Bldgs	1,109,566	1,142,220	1,097,312	44,908
420 Public Safety:				
421 Police	15,975,927	17,035,718	16,738,775	296,943
422 Fire	12,454,868	15,137,783	14,399,919	737,864
429 Other Protection-Code Enforcement	219,033	222,925	255,543	(32,618)
429 Other Protection-Community Development	1,669,352	1,678,125	1,537,400	140,725
429 Other Protection-Emergency Mgt	1,779,988	1,779,988	1,779,988	-
430 Public Works:				
431 Highways and Streets	7,405,433	7,506,222	5,515,286	1,990,936
43x Administration	1,210,119	1,287,631	1,093,036	194,595
440 Health and Welfare:				
441 Health	757,013	757,013	853,887	(96,874)
444 Humane Society	320,355	320,355	320,355	-
449 Other - Public Transit	2,540,641	2,555,002	2,466,934	88,068
449 Other - Air Quality	70,312	70,880	70,490	390

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

450 Culture and Recreation:				
451 Recreation	449,309	456,018	417,928	38,090
451 Swimming Pools	2,365,820	2,371,228	2,387,855	(16,627)
451 Ice Arena	676,004	677,997	684,600	(6,603)
452 Parks	3,379,502	3,479,993	3,081,278	398,715
455 Libraries	3,490,126	3,622,554	3,207,286	415,268
457 Historic Preservation	429,564	437,392	16,045	421,347
459 Other - Cemetery	378,619	388,192	330,273	57,919
459 Other - Parks & Recreation Admin	610,261	656,102	613,231	42,871
459 Other - Subsidies	473,140	473,140	490,640	(17,500)
460 Conservation and Development:				
465 Economic Development	280,000	280,000	266,637	13,363
465 Community Development - Non Grant	90,058	90,108	37,987	52,121
465 Transportation Planning	814,268	903,558	518,676	384,882
465 GIS Information System	206,359	208,063	198,906	9,157
470 Debt Service	33,000	33,000	32,013	987
485 Capital Outlay	2,125,000	2,871,306	2,013,651	857,655
490 Miscellaneous:				
492 Other Expenditures	30,000	30,000	158,053	(128,053)
Total Expenditures	<u>64,682,137</u>	<u>70,164,276</u>	<u>63,619,595</u>	<u>5,843,621</u>
Excess of Revenue Over (Under)				-
Expenditures	<u>(939,618)</u>	<u>(5,298,560)</u>	<u>9,867,918</u>	<u>15,166,478</u>
Other Financing Sources (Uses):				
391.01 Transfers In (out)	217,202	(892,048)	(20,704,139)	(19,812,091)
391.03 Sale of Municipal Property	35,000	35,000	58,090	23,090
Total Other Financing Sources (Uses)	<u>252,202</u>	<u>(857,048)</u>	<u>(20,646,049)</u>	<u>(19,789,001)</u>
Net Change in Fund Balances	(687,416)	(6,155,608)	(10,778,131)	(4,622,523)
Fund Balance - Beginning	44,799,775	44,799,775	44,799,775	44,799,775
FUND BALANCE- ENDING	<u><u>\$44,112,359</u></u>	<u><u>\$38,644,167</u></u>	<u><u>\$34,021,644</u></u>	<u><u>\$40,177,252</u></u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
CAPITAL IMPROVEMENTS & VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	\$ 29,372,635	29,372,635	\$ 36,267,982	\$ 6,895,347
330 Intergovernmental Revenue:				
331 Federal Grants	-	216,796	-	(216,796)
334.02 Surface Transportation Program (STP)	2,606,319	2,606,319	2,823,115	216,796
360 Miscellaneous Revenue:				
361 Interest Earnings (Loss)	-	-	(153,537)	(153,537)
369 Other	5,999	5,999	45,087	39,088
Total Revenue	31,984,953	32,201,749	38,982,647	6,780,898
Expenditures:				
410 General Government				
414 Financial - Community Resources	161,113	774,421	436,676	337,745
419 Other - Government Buildings	40,668	40,668	8,912	31,756
430 Public Works:				
431 Highways and Streets	260,632	260,632	147,939	112,693
43x Administration	330,948	1,782,194	2,143,025	(360,831)
450 Culture and Recreation				
452 Parks	296,094	296,094	15,682	280,412
460 Conservation & Development				
465 Economic Development	3,361,000	3,361,000	3,642,368	(281,368)
470 Debt Service	10,028,950	10,028,950	12,641,233	(2,612,283)
485 Capital Outlay	17,505,548	80,141,321	79,442,656	698,665
490 Miscellaneous				
492 Other Expenditures	-	-	14,467	(14,467)
Total Expenditures	31,984,953	96,685,280	98,492,958	(1,807,678)
Excess of Revenue Over (Under)		-		
Expenditures	-	(64,483,531)	(59,510,311)	4,973,220
Other Financing Uses:				
391.01 Transfers In	-	21,179,274	20,715,697	(463,577)
391.02 Long-term debt issued	-	2,400,000	102,370,000	99,970,000
513 Payments to Refunded Debt Escrow Agent (Note 7)	-	-	(85,485,000)	(85,485,000)
Total Other Financing Uses	-	23,579,274	37,600,697	14,021,423
Net Change in Fund Balances	-	(40,904,257)	(21,909,614)	18,994,643
Fund Balance - Beginning	114,645,565	114,645,565	114,645,565	-
FUND BALANCE- ENDING	\$ 114,645,565	\$ 73,741,308	\$ 92,735,951	\$ 18,994,643

The notes to the required supplementary information are an integral part of this statement.

CITY OF RAPID CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Note 1. Budgets and Budgetary Accounting:

The municipality follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operation budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in Number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF RAPID CITY
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

South Dakota Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,282,850	\$ 3,125,208	\$ 3,076,469	\$ 3,023,407	\$ 2,901,980	\$ 2,823,742	\$ 2,758,308
Contributions in relation to the contractually required contribution	\$ 3,282,850	\$ 3,125,208	\$ 3,076,469	\$ 3,023,407	\$ 2,901,980	\$ 2,823,742	\$ 2,758,308
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 53,362,369	\$ 48,114,793	\$ 49,841,773	\$ 49,193,976	\$ 47,363,396	\$ 43,669,915	\$ 40,981,064
Contributions as a percentage of covered-employee payroll	6.15%	6.50%	6.17%	6.15%	6.13%	6.47%	6.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF RAPID CITY
PROPORTIONATE SHARE OF THE NET PENSION ASSET (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

South Dakota Retirement System

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension asset	2.29815200%	2.33836750%	2.39737200%	2.38893850%	2.35078350%	2.41148565%	2.39749350%
City's proportionate share of net pension liability (asset) *	\$ (17,635,732)	\$ (101,555)	\$ (254,061)	\$ (55,716)	\$ (383,176)	\$ 8,157,148	\$ (10,168,455)
City's covered-employee payroll	\$ 49,356,048	\$ 49,416,543	\$ 49,656,578	\$ 49,193,976	\$ 42,836,501	\$ 40,621,932	\$ 38,764,455
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	-35.73%	-0.21%	-0.51%	-0.11%	-0.89%	20.08%	-26.23%
Plan fiduciary net position as a percentage of the total pension liability	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF RAPID CITY
NOTES TO THE PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

CITY OF RAPID CITY
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 967,723	\$ 783,471	\$ 853,858	\$ 770,934
Interest on the total OPEB Liability	577,077	741,097	653,494	694,458
Effect of economic/demographic gains or losses	-	1,960,976	-	(368,412)
Effect of assumptions changes or inputs	1,133,800	806,896	(981,535)	503,814
Benefit Payments	<u>(1,525,138)</u>	<u>(1,452,668)</u>	<u>(1,304,498)</u>	<u>(598,410)</u>
Net Change In Total OPEB Liability	<u>\$ 1,153,462</u>	<u>\$ 2,839,772</u>	<u>\$ (778,681)</u>	<u>\$ 1,002,384</u>
Total OPEB Liability - Beginning	22,107,171	19,267,399	20,046,080	19,043,696
Total OPEB Liability - Ending	<u><u>\$ 23,260,633</u></u>	<u><u>\$ 22,107,171</u></u>	<u><u>\$ 19,267,399</u></u>	<u><u>\$ 20,046,080</u></u>

CITY OF RAPID CITY
SCHEDULE OF OPEB LIABILITY (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Total OPEB Liability	\$ 23,260,633	\$ 22,107,171	\$ 19,267,399	\$ 20,046,080
Covered Payroll*	53,352,369	48,114,793	49,841,773	49,193,976
Total OPEB Liability as percent of Covered Payroll	43.60%	45.95%	38.66%	40.75%
Employer Contributions	2,027,860	1,668,658	2,139,996	1,256,271

* GASB Statement No. 74/75 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

**CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Occupancy Tax Fund	Downtown BID Tax Fund	Erosion/ Sediment Control Fund
ASSETS:			
Assets:			
101 Cash and Cash Equivalents	\$ 106,595	\$ 190,997	\$ 85,567
102 Restricted Cash	-	-	-
151 Investments	-	-	-
110 Property Tax Receivable	-	-	-
115 Accounts Receivable, Net	3,711	-	-
121 Special Assessments Receivable--Current	-	4,907	-
122 Special Assessments Receivable--Delinquent	-	588	-
123 Special Assessments Receivable--Deferred	-	30,352	-
132 Due from Other Government	-	-	-
135 Interest Receivable	-	1,824	-
TOTAL ASSETS :	\$ 110,306	\$ 228,668	\$ 85,567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
201 Claims Payable	\$ 103,223	\$ 190,973	\$ 86
208 Due to Other Funds	-	-	-
209 Advance from Other Funds	-	-	-
216 Wages Payable	710	-	2,506
Total Liabilities	103,933	190,973	2,592
Deferred Inflows of Resources:			
245 Unavailable Revenue -- Property Taxes	-	-	-
246 Unavailable Revenue -- Special Assessments	-	29,585	-
Total Deferred Inflows of Resources:	-	29,585	-
Fund Balances:			
263 Nonspendable			
263.51 Perpetual Care Cemetery	-	-	-
264 Restricted for:			
264.01 Debt Service	-	-	-
264.03 Cemetery Perpetual Care	-	-	-
264.05 Library	-	-	-
264.09 Business Improvement District	-	8,110	-
264.97 Grant Expenditures	-	-	-
265 Committed to:			
265.99 Erosion/Sediment Control	-	-	82,975
267 Unassigned	6,373	-	-
Total Fund Balances	6,373	8,110	82,975
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 110,306	\$ 228,668	\$ 85,567

TID 82
Fund

TID 80
Fund

TID 79
Fund

TID 72
Fund**TID 74**
Fund

\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-

-	-	-	-	-	-
259	239	4,101	199	11	543,609
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
259	239	4,101	199	11	543,609

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**CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

TID 78 Fund	TID 70 Fund	TID 68 Fund	TID 65 Fund	TID 64 Fund	TID 56 Fund	TID 69 Fund
\$ 169	\$ 4,058	\$ -	\$ 41	\$ 1,524	\$ 22	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,577	-	-	-	1,638	1,206	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,746</u>	<u>\$ 4,058</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 3,162</u>	<u>\$ 1,228</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,630,096	-	-
-	-	-	-	194,327	-	-
-	-	-	-	-	-	-
-	-	-	-	1,824,423	-	-
-	-	-	-	1,638	1,206	-
-	-	-	-	-	-	-
-	-	-	-	1,638	1,206	-
-	-	-	-	-	-	-
3,746	4,058	-	41	-	22	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(1,822,899)	-	-
<u>3,746</u>	<u>4,058</u>	<u>-</u>	<u>41</u>	<u>(1,822,899)</u>	<u>22</u>	<u>-</u>
\$ 3,746	\$ 4,058	\$ -	\$ 41	\$ 3,162	\$ 1,228	\$ -

**CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 47 Fund	TID 40 Fund	TID 39 Fund	Community Development Fund
\$ 303,730	\$ 254	\$ 409	\$ 1	\$ 48,395	\$ 13,155	\$ -
-	-	-	-	-	-	34,670
-	6,236	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	23,488
-	-	-	-	-	-	-
<u>\$ 303,730</u>	<u>\$ 6,490</u>	<u>\$ 409</u>	<u>\$ 1</u>	<u>\$ 48,395</u>	<u>\$ 13,155</u>	<u>\$ 58,158</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,391
-	-	-	-	-	4,849	-
-	-	-	-	-	1,154,509	-
-	-	-	-	-	-	3,148
-	-	-	-	-	1,159,358	31,539
-	360	-	-	-	-	-
-	-	-	-	-	-	-
-	360	-	-	-	-	-
-	-	-	-	-	-	-
303,730	6,130	409	1	48,395	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	26,619
-	-	-	-	-	-	-
-	-	-	-	-	(1,146,203)	-
<u>303,730</u>	<u>6,130</u>	<u>409</u>	<u>1</u>	<u>48,395</u>	<u>(1,146,203)</u>	<u>26,619</u>
\$ 303,730	\$ 6,490	\$ 409	\$ 1	\$ 48,395	\$ 13,155	\$ 58,158

**CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

Rehabilitation Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
\$ -	\$ 122,284	\$ 25	\$ 950	\$ 1,426,594
78,905	-	12,148	192,768	318,491
-	26,704	-	-	26,704
-	-	-	-	12,657
-	260	-	-	3,971
-	-	-	-	4,907
-	-	-	-	588
-	-	-	-	30,352
-	-	-	-	23,488
-	26	-	-	1,850
<u>\$ 78,905</u>	<u>\$ 149,274</u>	<u>\$ 12,173</u>	<u>\$ 193,718</u>	<u>\$ 1,849,602</u>
\$ -	\$ -	\$ 143	\$ 962	323,778
-	-	-	-	1,634,945
-	-	-	-	1,348,836
-	-	3,949	-	10,313
-	-	4,092	962	3,317,872
-	-	-	-	3,204
-	-	-	-	29,585
-	-	-	-	32,789
-	50,000	-	-	50,000
-	-	-	-	914,950
-	99,274	-	-	99,274
-	-	-	192,756	192,756
-	-	-	-	8,110
78,905	-	8,081	-	113,605
-	-	-	-	-
-	-	-	-	82,975
-	-	-	-	(2,962,729)
<u>78,905</u>	<u>149,274</u>	<u>8,081</u>	<u>192,756</u>	<u>(1,501,059)</u>
\$ 78,905	\$ 149,274	\$ 12,173	\$ 193,718	\$ 1,849,602

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	TID 82 Fund
Revenues:				
310 Taxes:				
311 General Property Taxes	\$ -	\$ -	\$ -	\$ 259
314 Gross Business Receipts Tax	1,743,298	-	-	-
331 Federal Grants	-	-	-	-
340 Charges for Goods and Services:				
348 Cemetery	-	-	-	-
349 Other-Conservation & Development	-	-	78,500	-
350 Fines and Forfeitures				
354 Library	-	-	-	-
360 Miscellaneous Revenue:				
361 Investment Earnings	227	92	-	-
363 Special Assessments	-	212,615	-	-
367 Contributions and Donations	-	1,173	-	-
369 Other	-	-	-	-
Total Revenue	1,743,525	213,880	78,500	259
Expenditures:				
450 Culture and Recreation:				
455 Libraries	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-
459 Cemetery	-	-	-	-
460 Conservation and Development:				
465 Community Development	-	-	71,831	-
470 Debt Service	-	-	-	-
485 Capital Outlay	-	-	-	-
492 Other Expenditures	1,673,062	217,777	-	-
Total Expenditures	1,673,062	217,777	71,831	-
Excess of Revenue Over (Under)				
Expenditures	70,463	(3,897)	6,669	259
Other Financing Sources (Uses):				
511 Transfers In	-	2,346	568	-
Total Other Financing Sources (Uses)	-	2,346	568	-
Net Change in Fund Balances	70,463	(1,551)	7,237	259
Fund Balance (Deficit) - Beginning	(64,090)	9,661	75,738	-
FUND BALANCE (Deficit) - ENDING	\$ 6,373	\$ 8,110	\$ 82,975	\$ 259

FOR THE YEAR ENDED DECEMBER 31, 2020

\$	239	\$	4,101	\$	199	\$	11	\$	543,609	\$	3,746
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CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

TID 70 Fund	TID 68 Fund	TID 67 Fund	TID 65 Fund	TID 64 Fund	TID 56 Fund	TID 69 Fund
\$ 1,467,930	\$ -	\$ -	\$ 1,412,718	\$ 1,631,453	\$ 2,073,903	\$ 332
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44	(58)	-	125	1	-	29
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,467,974	(58)	-	1,412,843	1,631,454	2,073,903	361
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,528,751	4,875	-	1,427,923	88,076	2,089,625	222,485
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,528,751	4,875	-	1,427,923	88,076	2,089,625	222,485
(60,777)	(4,933)	-	(15,080)	1,543,378	(15,722)	(222,124)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(60,777)	(4,933)	-	(15,080)	1,543,378	(15,722)	(222,124)
64,835	4,933	-	15,121	(3,366,277)	15,744	222,124
\$ 4,058	\$ -	\$ -	\$ 41	\$ (1,822,899)	\$ 22	\$ -

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 47 Fund	TID 39 Fund	TID 40 Fund	Community Development Fund
\$ 309,416	\$ 780,418	\$ 27,896	\$ 540,724	\$ 114,374	\$ 41,519	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	637,542
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
161	-	-	-	11	28	3
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,848	36,208
309,577	780,418	27,896	540,724	114,385	48,395	673,753
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	649,424
11,856	783,282	27,896	540,724	118,848	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,856	783,282	27,896	540,724	118,848	-	649,424
297,721	(2,864)	-	-	(4,463)	48,395	24,329
-	-	-	-	-	-	568
-	-	-	-	-	-	568
-	-	-	-	-	-	-
297,721	(2,864)	-	-	(4,463)	48,395	24,897
6,009	8,994	409	1	(1,141,740)	-	1,722
\$ 303,730	\$ 6,130	\$ 409	\$ 1	\$ (1,146,203)	\$ 48,395	\$ 26,619

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Rehab Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 9,165,758
-	-	-	-	1,743,298
-	-	120,301	-	757,843
-	17,275	-	-	17,275
17,803	-	-	-	96,303
-	-	-	50,627	50,627
4	(189)	25	572	1,900
-	-	-	-	212,615
-	-	10,150	35,000	46,323
-	-	-	-	43,056
17,807	17,086	130,476	86,199	12,134,998
-	-	-	15,146	15,146
-	-	126,452	-	126,452
-	816	-	-	816
241	-	-	-	721,496
-	-	-	-	8,179,793
-	-	-	-	-
-	-	-	-	1,922,839
241	816	126,452	15,146	10,966,542
17,566	16,270	4,024	71,053	1,168,456
-	-	568	-	4,050
-	-	568	-	4,050
17,566	16,270	4,592	71,053	1,172,506
61,339	133,004	3,489	121,703	(2,673,565)
\$ 78,905	\$ 149,274	\$ 8,081	\$ 192,756	\$ (1,501,059)

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2021

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
ASSETS:					
Current Assets:					
101 Cash and Cash Equivalents	\$ 3,703,533	\$ 3,243,273	\$ 3,580,005	\$ 76,982	\$ 60,318
107.1 Restricted Cash and Cash Equivalents (Note 2 and 16)	715,115	-	-	-	-
107.1 Restricted Investments (Note 14)	3,669,885	-	-	-	-
151 Investments	-	-	-	-	-
115 Accounts Receivable	93,140	237,154	-	-	12,905
116 Estimated Uncollectable Accounts Receivable	(15,000)	(25,000)	-	-	-
117 Unbilled Accounts Receivable	235,292	58,823	-	-	-
110 Sales Tax Receivable	-	21,047	157	-	-
121 Special Assessments Receivable--Current	-	-	2,428,611	-	-
122 Special Assessments Receivable--Delinquent	-	-	3,816	-	-
132 Due from Other Governments	300,298	-	-	-	-
135 Interest Receivable	3,592	-	-	-	-
142 Inventory of Stores	-	-	7,688	9,140	32,240
Total Current Assets	8,705,855	3,535,297	6,020,277	86,122	105,463
Noncurrent Assets:					
196 Net Pension Asset	476,268	291,260	156,310	24,369	87,132
Capital Assets:					
160 Land	2,499,851	138,430	205,652	596,356	1,424,241
162 Buildings	18,277,241	-	-	180,240	1,619,221
164 Improvements Other than Bldg	21,666,421	730,359	72,323,106	1,522,133	3,239,164
164 Furniture & Equipment	3,002,561	3,568,565	1,106,641	84,244	761,952
166 Machinery and Equipment	5,736,164	1,102,353	603,514	67,259	146,267
168 Construction Work in Progress	1,963,971	-	1,186,759	-	-
Less: Accumulated Depreciation	(19,916,105)	(3,392,469)	(19,046,457)	(1,076,197)	(3,428,434)
Total Noncurrent Assets	33,706,372	2,438,498	56,535,525	1,398,404	3,849,543
Deferred Outflows of Resources:					
248 OPEB Related Deferred Outflows	135,899	83,878	45,439	7,981	26,261
Total Deferred Outflows of Resources:	135,899	83,878	45,439	7,981	26,261
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,548,126	\$ 6,057,673	\$ 62,601,241	\$ 1,492,507	\$ 3,981,267
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:					
Current Liabilities:					
202 Accounts Payable	\$ 699,079	\$ 35,155	91,136	767	7,161
208 Due to Other Funds	-	-	-	-	150,000
215 Accrued Interest Payable	-	-	-	32	-
216 Wages Payable	63,607	46,051	27,442	3,683	13,388
226 Notes Payable Current:	-	-	-	28,099	-
230 Compensated Absences Payable -- Current	6,500	2,000	1,000	-	1,000
Total Current Liabilities	769,186	83,206	119,578	32,581	171,549
Noncurrent Liabilities:					
231 OPEB Long-Term Obligation	722,364	436,405	242,129	37,773	135,626
231 Notes Payable:	-	-	-	83,108	-
233 Accrued Leave Payable	44,110	55,565	27,617	3,106	31,390
235 Accrued Landfill Closure and Postclosure	4,385,000	-	-	-	-
Total Noncurrent Liabilities	5,151,474	491,970	269,746	123,987	167,016
Deferred Inflows of Resources:					
196 Pension Related Deferred Inflows	308,200	187,352	101,154	15,808	56,522
Total Deferred Outflows of Resources:	308,200	187,352	101,154	15,808	56,522
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES:	6,228,860	762,528	490,478	172,376	395,087
NET POSITION:					
253.10 Net Investment in Capital Assets	33,230,104	2,147,238	56,379,215	1,262,828	3,762,411
253.20 Restricted Net Position, Restricted for:					
253.29 SDRS - Pension	168,068	103,908	55,156	8,561	30,610
253.90 Unrestricted Net Position (Deficit)	2,921,094	3,043,999	5,676,392	48,742	(206,841)
Total Net Position	36,319,266	5,295,145	62,110,763	1,320,131	3,586,180
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,548,126	\$ 6,057,673	\$ 62,601,241	\$ 1,492,507	\$ 3,981,267

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 2,019,427	\$ 3,194	\$ 42,472	\$ 9,643	\$ 12,738,847
-	-	-	-	715,115
-	-	-	-	3,669,885
195,026	-	-	-	195,026
202,597	-	10,081,423	1,246	10,628,465
(95,000)	-	(6,825,000)	-	(6,960,000)
-	-	-	-	294,115
-	-	-	-	21,204
-	-	-	-	2,428,611
-	-	-	-	3,816
-	21,301	-	-	321,599
191	-	286	-	4,069
-	-	-	-	49,068
2,322,241	24,495	3,299,181	10,889	24,109,820
42,177	81,414	1,027,288	-	2,186,218
2,213,269	-	-	267,567	7,345,366
4,908,331	3,521,086	30,659	916,934	29,453,712
1,013,619	-	-	1,679,939	102,174,741
43,016	54,216	648,627	-	9,269,822
34,838	20,557	1,427,617	-	9,138,569
-	-	-	-	3,150,730
(2,201,223)	(997,270)	(1,419,097)	(2,145,042)	(53,622,294)
6,054,027	2,680,003	1,715,094	719,398	109,096,864
12,992	22,742	200,789	-	535,981
12,992	22,742	200,789	-	535,981
\$ 8,389,260	\$ 2,727,240	\$ 5,215,064	\$ 730,287	\$ 133,742,665
26,738	28,236	52,444	2,509	943,225
-	225,000	150,000	180,000	705,000
-	-	-	-	32
8,710	15,108	121,747	-	299,736
-	-	-	-	28,099
-	2,000	4,000	-	16,500
35,448	270,344	328,191	182,509	1,992,592
66,487	121,280	1,054,103	-	2,816,167
-	-	-	-	83,108
7,127	16,191	68,091	-	253,197
-	-	-	-	4,385,000
73,614	137,471	1,122,194	-	7,537,472
27,360	52,528	663,990	-	1,412,914
27,360	52,528	663,990	-	1,412,914
136,422	460,343	2,114,375	182,509	10,942,978
6,011,850	2,598,589	687,806	719,398	106,799,439
14,817	28,886	363,298	-	773,304
2,226,171	(360,578)	2,049,585	(171,620)	15,226,944
8,252,838	2,266,897	3,100,689	547,778	122,799,687
\$ 8,389,260	\$ 2,727,240	\$ 5,215,064	\$ 730,287	\$ 133,742,665

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2021

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
Operating Revenue:					
380 Charges for Goods and Services	\$ 7,373,246	\$ 3,353,587	\$ 2,584,612	\$ 267,080	\$ 1,004,650
Total Operating Revenue	7,373,246	3,353,587	2,584,612	267,080	1,004,650
Operating Expenses:					
410 Personal Services	1,673,899	1,248,551	688,255	139,690	457,010
420 Other Current Expense	3,901,005	1,243,110	892,367	93,556	412,380
426.2 Materials (Cost of Goods Sold)	-	-	24,913	27,939	38,976
457 Depreciation	1,615,157	387,898	2,388,105	50,175	238,476
Total Operating Expenses	7,190,061	2,879,559	3,993,640	311,360	1,146,842
Operating Income (Loss)	183,185	474,028	(1,409,028)	(44,280)	(142,192)
Nonoperating Revenue (Expense):					
361 Investment Earnings (Loss)	(23,887)	2,528	6,187	77	11
470 Interest Expense and Fiscal Charges	-	-	-	(5,051)	-
492 Loss on Disposition of Capital Assets	(63,606)	-	(5,197)	(8,386)	(19,123)
369.01 Sales Tax	109,164	216,395	157	19,853	69,590
369.01 Other	126,357	1,000	-	534	399
Total Nonoperating Revenue (Expense)	148,028	219,923	1,147	7,027	50,877
Income (Loss) Before Transfers	331,213	693,951	(1,407,881)	(37,253)	(91,315)
330 Capital Grants	300,298	-	-	-	-
331.01 CARES ACT Funds (COVID)	-	-	-	-	-
511 Transfers In (Out)	17,098	(27,270)	4,532	568	2,841
391.7 Capital Contributions	-	-	3,773,880	-	-
391.7 Contribution from Developers/Others	-	-	2,215,011	-	-
391.7 Capital Asset Transfers	147,968	277,177	-	-	53,621
Net Transfers	465,364	249,907	5,993,423	568	56,462
Change in Net Position	796,577	943,858	4,585,542	(36,685)	(34,853)
Net Position - Beginning	35,522,689	4,351,287	57,525,221	1,356,816	3,621,033
NET POSITION - ENDING	\$ 36,319,266	\$ 5,295,145	\$ 62,110,763	\$ 1,320,131	\$ 3,586,180

Enterprise Funds

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 1,624,299	\$ 562,756	\$ 4,643,403	\$ 24,850	\$ 21,438,483
1,624,299	562,756	4,643,403	24,850	21,438,483
192,381	336,057	3,081,732	-	7,817,575
504,779	247,759	1,348,495	66,741	8,710,192
-	-	-	-	91,828
131,460	66,124	64,088	105,431	5,046,914
828,620	649,940	4,494,315	172,172	21,666,509
795,679	(87,184)	149,088	(147,322)	(228,026)
(710)	-	6,885	-	(8,909)
-	-	-	-	(5,051)
(1,603)	-	(24,266)	-	(122,181)
31,490	-	51	-	446,700
186	-	1,988	-	130,464
29,363	-	(15,342)	-	441,023
825,042	(87,184)	133,746	(147,322)	212,997
-	-	-	-	300,298
-	-	-	-	-
(7,359)	(2,795)	40,349	107,500	135,464
-	-	-	-	3,773,880
-	-	-	-	2,215,011
34,838	-	373,715	-	887,319
27,479	(2,795)	414,064	107,500	7,311,972
852,521	(89,979)	547,810	(39,822)	7,524,969
7,400,317	2,356,876	2,552,879	587,600	115,274,718
\$ 8,252,838	\$ 2,266,897	\$ 3,100,689	\$ 547,778	\$ 122,799,687

CITY OF RAPID CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2021

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipt from Customers	\$ 7,077,015	\$ 3,281,845	\$ 2,565,059
Payments to Suppliers	(3,610,293)	(1,244,785)	(1,210,606)
Payments to Employees	(1,802,787)	(1,269,420)	(688,430)
Net Cash Provided (Used) by Operating Activities	<u>1,663,935</u>	<u>767,640</u>	<u>666,023</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Internal Activity - Payment to/from Other Funds	-	-	-
Transfers Out	17,098	(27,270)	4,532
Net Cash Provided (Used) by Operating Subsidies and Transfers	<u>17,098</u>	<u>(27,270)</u>	<u>4,532</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Grants	300,298	-	-
Purchase of Capital Assets	(1,371,568)	(5,500)	(286,036)
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Other Receipts (Payments)	235,521	217,395	157
Net Cash (Used) by capital and related financing Activities	<u>(835,749)</u>	<u>211,895</u>	<u>(285,879)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Earnings (Loss)	(21,958)	2,528	6,187
Net Cash Provided by Investing Activities	<u>(21,958)</u>	<u>2,528</u>	<u>6,187</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 823,326	 954,793	 390,863
Balances - Beginning	<u>3,595,322</u>	<u>2,288,480</u>	<u>3,189,142</u>
Balances- Ending	<u>\$ 4,418,648</u>	<u>\$ 3,243,273</u>	<u>\$ 3,580,005</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 183,185	\$ 474,028	\$ (1,409,028)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,615,157	387,898	2,388,105
Change in Assets and Liabilities:			
Receivables	(296,231)	(71,742)	(19,553)
Inventories	-	-	857
Accounts and Other Payables	290,712	(1,675)	(294,183)
Accrued Wages Payable	(1,756)	9,022	9,326
Accrued Leave Payable	8,176	9,048	5,972
Other Post Employment Benefits	37,633	33,009	46,773
Pension Asset	(475,109)	(288,813)	(155,935)
Pension/OPEB Related Deferred Outflows	(6,032)	29,513	(7,465)
Pension Related Deferred Inflows	308,200	187,352	101,154
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,663,935</u>	<u>\$ 767,640</u>	<u>\$ 666,023</u>
 Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ (63,606)	\$ -	\$ (5,197)
Contribution of Assets (to)/ from Others	\$ 147,968	\$ 277,177	\$ 5,988,891

Executive Golf Course Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 267,080	\$ 1,002,192	\$ 1,637,487	\$ 568,597	\$ 4,081,892	\$ 24,955	\$ 20,506,122
(116,611)	(483,798)	(505,972)	(232,133)	(1,342,890)	(68,562)	(8,815,650)
(142,314)	(479,767)	(176,366)	(347,065)	(3,346,322)	-	(8,252,471)
8,155	38,627	955,149	(10,601)	(607,320)	(43,607)	3,438,001
-	(60,000)	-	10,000	150,000	(60,000)	40,000
568	2,841	(7,359)	(2,795)	40,349	107,500	135,464
568	(57,159)	(7,359)	7,205	190,349	47,500	175,464
-	-	-	-	-	-	300,298
-	-	-	-	(120,085)	-	(1,783,189)
(26,788)	-	-	-	-	-	(26,788)
(5,260)	-	-	-	-	-	(5,260)
20,387	69,989	31,676	-	2,040	-	577,165
(11,661)	69,989	31,676	-	(118,045)	-	(937,774)
77	11	93,087	-	6,599	-	86,531
77	11	93,087	-	6,599	-	86,531
(2,861)	51,468	1,072,553	(3,396)	(528,417)	3,893	2,762,222
79,843	8,850	946,874	6,590	570,889	5,749	10,691,739
\$ 76,982	\$ 60,318	\$ 2,019,427	\$ 3,194	\$ 42,472	\$ 9,642	\$ 13,453,961
\$ (44,280)	\$ (142,192)	\$ 795,679	\$ (87,184)	\$ 149,088	\$ (147,322)	\$ (228,026)
50,175	238,476	131,460	66,124	64,088	105,431	5,046,914
-	(2,458)	13,188	5,841	(561,511)	105	(932,361)
4,443	(32,240)	-	-	-	-	(26,940)
441	(202)	(1,193)	15,626	5,605	(1,821)	13,310
779	2,721	3,714	2,885	11,808	-	38,499
941	1,789	576	1,232	24,871	-	52,605
7,534	10,267	34,619	9,673	22,424	-	201,932
(24,369)	(87,131)	(42,177)	(80,975)	(1,023,580)	-	(2,178,089)
(3,317)	(6,925)	(8,077)	3,649	35,897	-	37,243
15,808	56,522	27,360	52,528	663,990	-	1,412,914
\$ 8,155	\$ 38,627	\$ 955,149	\$ (10,601)	\$ (607,320)	\$ (43,607)	\$ 3,438,001
\$ (8,386)	\$ (19,123)	\$ (1,603)	\$ -	\$ (24,266)	\$ -	\$ (122,181)
\$ -	\$ 53,621	\$ 34,838	\$ -	\$ 373,715	\$ -	\$ 6,876,210

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2021

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
ASSETS:					
Current Assets:					
101 Cash and Cash Equivalents	\$ 1,974,829	\$ 771,941	\$ (83,120)	\$ 3,711,144	\$ 6,374,794
115 Accounts Receivable	392,178	-	-	-	392,178
151 Investments	124,675	-	-	537,238	661,913
135 Interest Receivable	122	-	16	526	664
TOTAL ASSETS	\$ 2,491,804	\$ 771,941	\$ (83,104)	\$ 4,248,908	\$ 7,429,549
LIABILITIES:					
Current Liabilities:					
202 Accounts Payable	\$ 586,853	\$ 425,396	\$ -	\$ 3,162,098	\$ 4,174,347
216 Wages Payable	-	597	-	597	1,194
Total Current Liabilities	586,853	425,993	-	3,162,695	4,175,541
NET POSITION:					
253.90 Unrestricted Net Position	1,904,951	345,948	(83,104)	1,086,213	3,254,008
Total Net Position	1,904,951	345,948	(83,104)	1,086,213	3,254,008
TOTAL LIABILITIES AND NET POSITION	\$ 2,491,804	\$ 771,941	\$ (83,104)	\$ 4,248,908	\$ 7,429,549

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
Operating Revenue:					
380 Charges for Goods and Services	\$ 9,003,903	\$ 236,888	\$ 18,807	\$ 1,002,187	\$ 10,261,785
Operating Expenses:					
410 Personal Services	-	43,787	-	20,780	64,567
420 Other Current Expense	10,999,269	385,525	5,870	589,034	11,979,698
Total Operating Expenses	10,999,269	429,312	5,870	609,814	12,044,265
Operating Income (Loss)	(1,995,366)	(192,424)	12,937	392,373	(1,782,480)
Nonoperating Revenue (Expense):					
361 Investment Earnings (Loss)	1,669	859	326	(2,978)	(124)
511 Transfers In / (Out)	-	(54,295)	-	-	(54,295)
	1,669	(53,436)	326	(2,978)	(54,419)
Change in Net Position	(1,993,697)	(245,860)	13,263	389,395	(1,836,899)
Net Position - Beginning	3,898,648	591,808	(96,367)	696,818	5,090,907
NET POSITION - ENDING	\$ 1,904,951	\$ 345,948	\$ (83,104)	\$ 1,086,213	\$ 3,254,008

CITY OF RAPID CITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2021

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Interfund Services Provided	\$ 8,861,913	\$ 236,888	\$ 18,807	\$ 1,002,187	\$ 10,119,795
Payments to Employees	-	(43,661)	-	(20,654)	(64,315)
Payments for Claims & Services	(11,039,887)	(235,310)	(14,349)	(528,561)	(11,818,107)
Net Cash Provided (Used) by Operating Activities	(2,177,974)	(42,083)	4,458	452,972	(1,762,627)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer (Out)	-	(54,295)	-	-	(54,295)
Net Cash Provided (Used) by Operating Subsidies and Transfers	-	(54,295)	-	-	(54,295)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale of Investment Securities	59,896	-	-	258,101	317,997
Interest Received	1,669	859	335	(2,696)	167
Net Cash Provided by Investing Activities	61,565	859	335	255,405	318,164
Net Increase (Decrease) in Cash and Cash Equivalents	(2,116,409)	(95,519)	4,793	708,377	(1,498,758)
Balances - Beginning	4,091,238	867,460	(87,913)	3,002,767	7,873,552
Balances- Ending	\$ 1,974,829	\$ 771,941	\$ (83,120)	\$ 3,711,144	\$ 6,374,794
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (1,995,366)	\$ (192,424)	\$ 12,937	\$ 392,373	\$ (1,782,480)
Adjustments to Reconcile Operating Income to					
Change in Assets and Liabilities:					
Accounts Receivable	(141,990)	-	-	-	(141,990)
Accounts Payables	(40,618)	150,215	(8,479)	60,473	161,591
Wages Payable	-	126	-	126	252
Net Cash Provided (Used) by Operating Activities	\$ (2,177,974)	\$ (42,083)	\$ 4,458	\$ 452,972	\$ (1,762,627)

SINGLE AUDIT SECTION

CITY OF RAPID CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	IDENTIFYING NUMBER	CFDA NUMBERS	AMOUNT
U.S. Department of Housing and Urban Development:			
<i>Direct Federal Funding:</i>			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant/Special Purpose Grants/Insular Areas	B-20-MW-46-0002	14.225	21,331
Community Development Block Grants/Entitlement Grants	B-19-MC-46-0002	14.218	165,028
Community Development Block Grants/Entitlement Grants	B-20-MC-46-0002	14.218	451,033
Community Development Block Grants/Entitlement Grants	B-21-MC-46-0002	14.218	150
Total Community Development Block Grant/Entitlement Grants Cluster (Note 4)			637,542
U.S. Department of the Interior:			
<i>Direct Federal Funding:</i>			
Wildland Urban Interface Community Assistance	L19AC00041	15.228	54,408
<i>Pass-Through the SD Department of Tourism</i>			
Historic Preservation Fund Grant-in-Aid	SD-21-10027	15.904	15,169
Total U.S. Department of Interior			69,577
U.S. Department of Justice:			
<i>Pass-Through the SD Department of Public Safety -- Office of Victim's Services</i>			
Crime Victim Assistance	2017-VA-GX-0083	16.575	63,718
Crime Victim Assistance	2018-V2-GX-0063	16.575	31,789
Total Crime Victim Assistance Program			95,507
<i>Pass-Through the Northeast Council of Governments</i>			
Project Safe Neighborhoods	2019-GP-BX-0082	16.609	73,305
Project Safe Neighborhoods	2020-GP-BX-0082	16.609	17,603
Total Project Safe Neighborhoods Program			90,908
<i>Direct Federal Funding:</i>			
Bullet Proof Vest Partnership Program	2020-2021	16.607	11,744
Edward Byrne Criminal Justice Innovation Program	2019-BJ-BX-0002	16.817	260,277
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-21-GG-01835-JAG?	16.738	11,350
Coronavirus Emergency Supplement Funding Program (COVID)	2020-VD-BX-0299	16.034	45,780
Public Safety Partnership and Community Policing Grant - LEMHWA	2020MHWXK016	16.710	50,734
Public Safety Partnership and Community Policing Grant	2020UMWX0183	16.710	137,276
Total Public Safety Partnership and Community Policing Program			188,010
Total U.S. Department of Justice			703,576
Executive Office of the President:			
Office of National Drug Control Policy			
<i>Pass-Through the SD Attorney General's Office</i>			
High Intensity Drug Trafficking Areas Program	G20MW0004A	95.001	15,814
U.S. Department of Transportation:			
<i>Pass-Through the S.D. Department of Transportation:</i>			
Metropolitan Planning Grants	311455	20.505	380,749
<i>Direct Federal Funding:</i>			
Airport Improvement Program	3-46-0048-58-2021	20.106	834,121
Airport Improvement Program (COVID)	3-46-0048-58-2021	20.106	92,680
Airport Improvement Program (COVID)	3-46-0048-56-2021	20.106	2,678,981
Airport Improvement Program	3-46-0048-52-2019	20.106	292,667
Airport Improvement Program	3-46-0048-53-2020	20.106	723,456
Airport Improvement Program	3-46-0048-55-2020	20.106	1,823,842
Airport Improvement Program (COVID)	3-46-0048-54-2020	20.106	2,208,576
Total Airport Improvement Program			8,654,323
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>			
Interagency Hazardous Materials Public Sector Training and Planning (HMEP)	693JK31940039HEMP	20.703	18,159
<i>Direct Federal Funding:</i>			
Payments for Small Community Air Service Development	DOT-OST-2017-0155-0039	20.930	29,473
Federal Transit Cluster			
Bus and Bus Facilities Formula & Discretionary Programs	SD-2020-008-01	20.526	159,909
Bus and Bus Facilities Formula & Discretionary Programs	SD-2021-01-001	20.526	81,659
Federal Transit - Formula Grants (COVID)	SD-2020-006-00	20.507	2,035,689
Federal Transit - Formula Grants	SD-2020-002-00	20.507	50,748
Total Federal Transit Cluster			2,328,005
Total U.S. Department of Transportation			11,410,709
U.S. General Services Administration:			
<i>Pass-through the SD Bureau of Administration - SD Federal Property Agency:</i>			
Donation of Federal Surplus Property (Note 3)	NA	39.003	82,202

**CITY OF RAPID CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

U.S. Environmental Protection Agency:

Pass-Through the SD Department of Environment and Natural Resources:

Performance Partnership Grant	96838021	66,605	49,667
Total U.S. Environmental Protection Agency			49,667

U.S. Department of Agriculture:

Pass-Through the SD Department of Agriculture

Cooperative Forestry Assistance	15-DG-11020000-038-9058	10,664	1,080
Cooperative Forestry Assistance	18-DG-11020000-054-9069	10,664	221,018
Total U.S. Department of Agriculture			222,098

Corporation for National and Community Service:

Direct Federal Funding:

Retired and Senior Volunteer Program	20SRNSD001-1	94,002	18,500
Retired and Senior Volunteer Program	20SRNSD001-2	94,002	13,500
Retired and Senior Volunteer Program	19SRNSD003-2	94,002	17,301
Retired and Senior Volunteer Program	19SRNSD003-3	94,002	71,000
Total Corporation for National and Community Service:			120,301

U.S. Department of Treasury:

Direct Funding

Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	ARPA	21,027	135,119
<i>Pass-Through the SD Bureau of Finance and Management</i>			
Coronavirus Relief Fund (COVID)	COVID	21,019	12,806
Total U.S. Department of Treasury:			147,925

U.S. Department of Health and Human Services:

Direct Funding

Provider Relief Funds	COVID	93,498	92,095
<i>Pass-Through the Great Plains Tribal Chairman's Health Board</i>			
Connecting With Our Youth	9201901	93,243	15,120
Total U.S. Department of Health and Human Services:			107,215

U.S. Small Business Administration:

Direct Funding

Shuttered Venue Operators Grant (COVID)	SBAHA21SV015017	59,075	2,238,442
Total U.S. Small Business Administration:			2,238,442

U.S. Department of Homeland Security:

Direct Funding

Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2019-FH-00559	97,083	388,648
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>			
Pre-Disaster Mitigation	EMD-2020-PC-0005	97,047	163,176
<i>Pass-Through the SD Department of Public Safety -- Office of Homeland Security</i>			
Homeland Security Grant Program (Note 4)	2020-2021	97,067	184,689
Total U.S. Department of Homeland Security			736,513
Total Federal Awards			16,541,581

Note 1: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Rapid City, South Dakota (the "City") under programs of the federal government for the year ended December 31, 2021. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City of Rapid City, South Dakota.

Note 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality. (Original acquisition cost is provided by Federal Surplus Property. It is not what the City actually paid for the items.)

Note 4: The City had the following subrecipients:

Community Development Block Grants/Entitlement Grants Cluster:

Youth and Family Services	\$ 228,546
Abbott House	100,000
Black Hills Works	88,051
Behavior Management Systems	58,979
WAVI	60,374
Rural America Initiatives	18,600
Minneluzahan Senior Citizens Center	8,905
	<u>563,455</u>

Homeland Security Grant Program

Pennington County	13,876
Total funds passed through to subrecipients	\$ 577,331



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as 2021-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



KETEL THORSTENSON, LLP
Certified Public Accountants

September 19, 2022



Ketel Thorstenson, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



KETEL THORSTENSON, LLP
Certified Public Accountants

September 19, 2022

CITY OF RAPID CITY

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of the City.
2. Material weaknesses and a significant deficiency disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No material weaknesses were disclosed during the audit of the major federal award program or reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for the City expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
7. The programs tested as major programs (or cluster) for 2021 were the Airport Improvement Program (Assistance Listing #20.106), Shuttered Venue Operators Grant (Assistance Listing #59.075), and Federal Transit – Formula Grants (Assistance Listing #20.507 and #20.526).
8. The threshold for distinguishing type A and B programs was \$750,000.
9. The City was not determined to be a low risk auditee.

CITY OF RAPID CITY

**SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

B. Findings – Financial Statement Audit

Material Weaknesses

Finding No. 2021-001: Internal Controls

Federal Program Affected: None

Compliance Requirement: Not Applicable

Questioned Costs: None

Condition and Cause: The City has a lack of adequate internal controls in the following areas:

- a. Through a portion of 2021, employees had access to the general ledger and the manual check stock as the vault door was not always locked.
- b. Various departments within the City apply for and are awarded federal grants, but the City lacks a formal or consistent process to identify federal expenditures.
- c. We identified 2 material errors in the government-wide adjustments related to the gain/loss on disposal of capital assets and the recognition of grant revenue.

Criteria and Effect:

- a. Proper segregation of duties results in adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. Without proper segregation of duties, an intentional or unintentional error could go undetected resulting in a misappropriation of assets or inaccurate records.
- b. A lack of proper identification of federal expenditures could result in improper timing of federal grant revenue and receivable recognition and improper reporting on the schedule of expenditures of federal awards.
- c. Accurate financial reporting is important to the City. The City's financial statements are provided to numerous granting agencies and current and future debt providers. Errors identified during the audit process were corrected in the accompanying financial statements.

Recommendation:

- a. The vault door is locked consistently and accessible by specific personnel beginning in 2021. No additional recommendation.
- b. We recommend the City develop a consistent process to timely identify federal expenditures across all City departments.
- c. The government-wide adjustments should continue to be prepared by the Grants and Financial Reporting Manager and reviewed by the Finance Director for technical accuracy.

Repeat Finding from Prior Year: Yes with modifications, prior year finding 2020-001.

Response/Corrective Action Plan: The City agrees with the above finding. See Corrective Action Plan.

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONCLUDED) FOR THE YEAR ENDED DECEMBER 31, 2021

B. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Continued)

Finding No. 2021-002: Audit Adjustments

Federal Program Affected: None

Compliance Requirement: All

Questioned Costs: None

Condition and Cause: During the audit process, we recorded three audit adjustments. The most significant adjustment related to properly accounting for the 2021 sales tax bonds as an advanced refunding, instead of a cross over refunding. Other entries were proposed as part of the audit, but the entries were not recorded due to the overall insignificance on the financial statements. The Finance Director has a lack of adequate review over the year-end process and has the ability to override journal entries.

Criteria and Effect: The City's financial statements are provided to numerous granting agencies and lenders. The City does not have adequate internal controls to ensure the identification and accurate recording of all year-end balances.

Recommendation: We recommend year-end adjustments be reviewed by the Finance Director.

Repeat Finding from Prior Year: Yes, prior year finding 2020-002.

Response/Corrective Action Plan: The City agrees with the above finding. See Corrective Action Plan.

Significant Deficiency

Finding No. 2021-003: Compliance with State Laws

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: The City is invested in participating and negotiable certificates of deposit, which violates state law.

Criteria and Effect: The City did not follow state law, which could result in additional inquiries from state officials regarding such violation. South Dakota Codified Law (SDCL) 4-5-6 indicates the types of investments that the City may invest in public funds. Based on 4-5-6, the City is in violation of State law.

Recommendation: The City should re-evaluate their investment policy and invest these funds in investments allowed by SDCL 4-5-6.

Repeat Finding from Prior Year: Yes, prior year finding 2020-003.

Response/Corrective Action Plan: The City agrees with the above finding. See Corrective Action Plan.

C. Findings – Compliance Audit

None

MANAGEMENT RESPONSE



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

City Finance Office

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Rapid City, South Dakota 57701-5035

605-394-4143

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021

The City of Rapid City respectfully submits the following summary schedule of prior audit findings from the December 31, 2020 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2020 Schedule of Findings.

2020-001 Finding: Internal Controls/Financial Statement Preparation

Status: The City implemented several changes in internal control processes; however the City still had a lack of adequate internal controls during the year.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: Strengthening internal controls is a continuous process. The City recognizes this and is engaged in an ongoing campaign to review and modify existing functions and processes to ensure adequate internal controls and proper segregation of duties. The functions and processes will continue to be reviewed and improved upon as deficiencies are discovered.

The Finance Director and/or Grants Compliance and Financial Reporting Manager will log all manual checks processed and endorsed with the signature stamp. This will ensure that all manual checks used were stamped by the proper member of management and not removed from the vault by an inappropriate party or for improper use. As noted in finding 2021-001, these changes were implemented in September 2021 and communicated to staff at that time.

Grant applications are currently handled and processed at a departmental level. At times, staff processing these applications do not follow the City's grant application process. In 2021 additional steps were taken to ensure all grant applications were processed according to the City's Uniform Grant Guidance policies/procedures. These steps included the Finance Director communicating the grants application policies to all Department Directors, the Grants Compliance and Financial Reporting Manager expanding the scope of the period covered to ensure that all federal expenditures/revenue are identified and reported in the correct period and the addition of a Grants Management division within the Finance department in fiscal year 2023 to assist with the application and monitoring of all grants.

The City is one of a limited number of municipalities that has chosen to prepare its own financial statements in an effort to reduce overall audit fees, gain a better understanding of City's ongoing financial activity and ensure an adequate level of independence. As such, errors identified during the auditors review are expected to be more common than financials prepared by the auditors on behalf of the client. The City has accepted the risk associated with preparing its own financial statements and will continue to diligently work towards the goal of submitting error free financial statements to our auditors.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 (Continued)**

2020-002 Finding: Audit Adjustments

Status: The City made efforts to record all year-end entries but material and reclassification audit adjustments were required to correctly reflect the accuracy and completeness of account balances/transactions.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: The Finance Office agrees that both material and immaterial audit adjustments were subsequently recorded in order to accurately report account balances/transactions. As noted in finding 2021-002, the material audit adjustment was the result of treating the 2021 sales tax bonds as a crossover refunding instead of an advanced refunding. The yearend reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

Finding No. 2020-003: Compliance with State Laws

Status: There was no change in investment policy or types of investments held by the City. As such, finding is repeated.

Initial Year Report: Originally issued in 2015.

Reasons for Recurrence and Corrective Action Plan: Although the City still feels that state law needs to be revised, a process is currently in place to divest investments as they mature to ensure compliance with State statute. This process will be a lengthy one as investment maturities must be reached before divestment can occur.



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

City Finance Office

300 Sixth Street

Rapid City, South Dakota 57701-5035

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CORRECTIVE ACTION PLAN DECEMBER 31, 2021

The City respectfully submits the following corrective action plan regarding findings from the December 31, 2021 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2021-001: Internal Controls/Financial Statement Preparation

Responsible Officials: Pauline Sumption, Finance Director/Dave Yuhas, Grants Compliance and Financial Reporting Manager

Corrective Action Plan:

Strengthening internal controls is a continuous process. The City recognizes this and is engaged in an ongoing campaign to review and modify existing functions and processes to ensure adequate internal controls and proper segregation of duties. The functions and processes will continue to be reviewed and improved upon as deficiencies are discovered.

The Finance Director and/or Grants Compliance and Financial Reporting Manager will log all manual checks processed and endorsed with the signature stamp. This will ensure that all manual checks used were stamped by the proper member of management and not removed from the vault by an inappropriate party or for improper use. As noted in finding 2021-001, these changes were implemented in September 2021 and communicated to staff at that time.

In fiscal year 2021 additional steps were taken to ensure all grant applications were processed according to the City's Uniform Grant Guidance policies/procedures. These steps included the Finance Director communicating the grants application policies to all Department Directors, the Grants Compliance and Financial Reporting Manager expanding the scope of the period covered to ensure that all federal expenditures/revenue are identified and reported in the correct period and the addition of a Grants Management division within the Finance department in fiscal year 2023 to assist with the application and monitoring of all grants.

The City is one of a limited number of municipalities that has chosen to prepare its own financial statements in an effort to reduce overall audit fees, gain a better understanding of City's ongoing financial activity and ensure an adequate level of independence. As such, errors identified during the auditors review are expected to be more common than financials prepared by the auditors on behalf of the client. The City has accepted the risk associated with preparing its own financial statements and will continue to diligently work towards the goal of submitting error free financial statements to our auditors.

Anticipated Completion Date: Assessing and mitigating identified internal control risks are, and should be, an ongoing process. Changes in responsibilities and processes to those deficiencies identified during the audit are currently in the development stage and will be implemented for the year ending December 31, 2022.



EQUAL HOUSING
OPPORTUNITY

CORRECTIVE ACTION PLAN
DECEMBER 31, 2021 (Continued)

Finding No. 2021-002: Audit Adjustments

Responsible Officials: Pauline Sumption, Finance Director

Corrective Action Plan: The yearend reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

Anticipated Completion Date: The Finance Office expects that any audit adjustments proposed by auditors for the 2022 audit will be immaterial to the financial statements as a whole.

Finding No. 2021-003: Compliance with State Laws

Responsible Officials: Pauline Sumption, Finance Director

Corrective Action Plan: The City continues to divest investments as they mature to ensure compliance with State statute.

Anticipated Completion Date: Ongoing as current investments mature.